

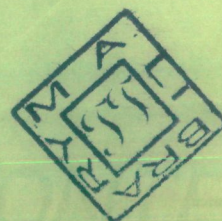


**A Study of Indo-FRC trade with  
Special Reference to Carpets, Machine  
Tools and Leather Travel goods:  
RETROSPECTIVE AND  
PROSPECTIVE DIMENSION**

DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION

BY

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491

## CONTENTS

Abbreviations	:::	i
Preface	:::	ii-iv
Acknowledgement	:::	v-viii

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### CHAPTER - I:

Introduction	:::	1 - 2
Objectives	:::	2 - 3
Limitations	:::	4

### CHAPTER - II: SITUATION ANALYSIS

Area and Population	:::	5 - 6
Religion	:::	7 - 8
Language Spoken	:::	9
Climate	:::	10 - 11
Agriculture	:::	12 - 13
Industry	:::	14 - 15
Transportation	:::	16 - 19
Communication	:::	21

### CHAPTER - III: ECONOMIC AND TRADE ANALYSIS

German Economy	:::	21 - 23
German Foreign Trade	:::	24 - 28
Pattern of Distribution in FRG	:::	24 - 42
Germany in INDO-EEC	:::	43 - 47
Indian Economy	:::	48 - 58
Indo-German Trade	:::	59 - 70
Retrospective and Prospective Assessment of Indo-FRG Trade	:::	71 - 73

Role of Exports in Indian Economy	:::	74 - 76
Promising Prospects for Expansion of Export to West Germany	:::	77 - 79
Market Access	:::	80 - 84
Principal Recommendations	:::	85 - 91

#### CHAPTER - IV: MARKET PROSPECTS FOR CARPETS IN WEST GERMANY

Introduction, Growing Market for Oriental Carpets	:::	92 - 93
Germany as the Biggest Importer of the !Carpets	:::	93 - 94
Profile of the German Market for Carpets	:::	94 - 96
Types of Carpets Produced and sold in FRG	:::	96 - 97

#### SUPPLY POSITION

Domestic Production	:::	97 -101
---------------------	-----	---------

#### GERMAN FOREIGN TRADE OF CARPETS:

a). Volume of Imports	:::	101 -103
b). Countries of Origin	:::	103 -106

#### INDIAN CARPETS EXPORTED TO FRG:

i). Share of India's in FRG imports of Carpets	:::	107 -108
ii). Carpet manufacturer in India	:::	108 -109
iii). Better export Prospects for Indian Carpets	:::	109 -110
iv). Main Indian Exporters	:::	-110.



### CONSUMPTION:

a). Domestic Factor	:::	-111
b). Economic Factor	:::	-112
c). Social Factor	:::	112 -113

### CONSUMPTION OF KNOTTED OR ORIENTAL CARPETS

a). Purchaser	:::	114 -115
b). Types of Oriental Carpets Purchased	:::	115.
Price	:::	115 -118
Trade Revolutions	:::	118 -119
Product Promotion Prospects	:::	-119
Trade Channels	:::	120 -122

### CHAPTER - V: MARKET PROSPECTS FOR MACHINE TOOLS IN FRG.

#### Introduction

World Machine Tool Production and Trade	:::	123 -126
Machine Tools Range and It's Varieties	:::	126 -127
<u>Market Characteristics</u>	:::	
i). Domestic Production	:::	127 -131
ii). Foreign Trade	:::	131 -133
Indian Export to FRG	:::	133 -137
German Exports	:::	138 -139
Consumption	:::	140 -
Market Access	:::	140 -143
Trade Channels	:::	143 -144
Consumer Satisfaction	:::	144 -145

Recommendations for Trade Promotion                    ::: 145 - 147

Promotion Through Trade Fairs                            ::: 147 - 149

CHAPTER - VI:    MARKET PROSPECTS FOR LEATHER  
TRAVEL GOODS IN FRG.

Introduction    ::: 150 - 151

Review of Exports of Indian Leather Goods                        ::: 151 - 152

Market Preface    ::: 152 - 153

Production and Foreign Trade                                        :::

    Situation of German Leather Goods Industry                        ::: 153 - 156

    Imports    ::: 156 - 160

Foreign Trade with Third World Countries                        ::: 160 - 162

Market Size and Apparent Consumption                        ::: 162 - 165

Ther Pertinent Situation of Selected Leather Goods in FRG Market                        ::: 165 - 167

Consumer Behaviour    ::: 167 - 170

Distribution Channel    ::: 171 - 174

Commercial Practices    ::: 174 - 176

Market Access    ::: 176 - 177

Promotion of Product    ::: 178 - 181

N O T E S    ::: 182 - 186

ANNEXURES - I to 12.    ::: 186 - 215

B I B L I O G R A P H Y    ::: 216 - 218

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## ABBREVIATIONS

c.i.f.	:Prices including cost, insurance and freight.
CECIMO.	:Member organisation of the European Committee for co-operation of the Machine Tool Industries.
DAC.	:Development Assistance Committee of the OECD.
DINT.	:German Association of Industries and Commerce.
ECAFE.	:Economic Commission for Asia and Far-East.
EEC.	European (Economic) Community.
EEPC.	:Engineering Export Promotion Council.
EMO.	:European Machine Tools.
f.o.b.	:free-on-board Prices.
FPI.	::Foreign Private Investment.
GATT.	:General Agreement on Tariffs and Trade.
GDP.	:Gross Domestic Product.
GNP.	:Gross National Product.
GSP.	:Generalised System of (Tariff) preferences in favour of developing Countries.
HHEC	:Handloom and Handicrafts Export Council.
ICA.	:International Commodity Agreement.
IDA.	:International Development Association.
IGCC.	:Indo-German Chamber of Commerce.
LEXPORT.	:Semi-finished leather Export Council.
LEXPROCIL.	:Leather Export Promotion Council.
MFN.	:Most favoured nations(non-discrimanatory tariff).
TDA.	:Trade Development Authority. [REDACTED]
UNCTAD.	:United Nation Conference on Trade and Development.

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## PREFACE

Development in international trade is an index for assessing the progress of a country and the well being and soundness of its economy. The second international development decade which began in the year 1970 started with the disquieting conclusion that earlier attempts at national development led to enhancing national wealth, with the result that the gap between the developed and developing countries widened even further. The United Nation has recommended that trade should be called upon to play a more vital role in the process of accelerating development and reducing international disparities.

The paramount objective of the envisaged new international economic order is to reduce, and if possible to remove the disparities between the economically affluent and economically weak countries. A great deal of attention has been devoted to the promotion of trade with the developing countries. Liberal policies and schemes for expanding trade with developing countries have been floated. International action has also been concentrated on increasing consumption of export products of developing countries and thereby established an equitable balance of trade between the different countries of the world.



Thus the importance concern for international trade is not only a domestic affair - it is a in the international dimension.

Big changes have taken place in the export trade structure of a number of developing countries. There has been a shift from heavy reliance on exports of primary goods, to a steady increase in export of manufactured items. The result is that India has shifted from the traditional role of commodity exporter to an exporter of manufactured items.

Export of manufactured items requires marketing in foreign countries. Their requirements, demands and tastes have to be catered to. Attention has also to be paid to changing patterns of demand. Foreign market require items of a standard quality, demand has also to be manipulated for example new users have to be developed, the unit costs have to be lowered to make products economically competitive with rivals products. The most important factor upon which the ultimate success of all other elements depend is the establishment of elements of information and persuasion to facilitate a shift of consumer preference in favour of the product offered for export.

But all this is possible when there exists at least a latent demand for a particular item which is required to be projected in a foreign market.

quite complex and technical, would have been very difficult for me to accomplish.

I have discussed numerous of the ideas with S.A.S. Sbah and happily credit him with my number of the more meritorious.

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A.M.U. ALIGARH.

  
(FAIYAZUR RAHMAN MALLICK)

## CHAPTER-1

### I N T R O D U C T I O N

I venture to observe the Indo-~~FRG~~ trade relation in retrospective and prospective view, The title under which, my attention is focussed in carrying out the dissertation work, in partial fulfilment of the requirement for the degree of Master of Business Administration is:

A Study of Indo-~~FRG~~ trade with Special reference to  
Leather Travel Goods, Carpets and Machine Tools:  
RETROSPECTIVE AND PROSPECTIVE DIMENSION.

Then the theme explicitly dictates its sphere. It comes under the global economic horizon. The actual economic reality is that we are all living in a very complicated multipolar world. As all of us move on from the turbulent waters of the seventies and into the uncharted seas of the eighties. No one knows what the 1980's will have in store for business houses consumer and society at large. A curiosity of modern economic life is the role of change, challenging for sure, and almost certainly full of surprises. The changes though not expected to be revolutionary but still it is unpredictable. New and unsuspected stocks will emerge. The challenge facing marketers in 1980's will be to find constructive

ways to reconcile Company profitability, consumer satisfaction and social responsibility. This dilemma of the marketers is reflected in the strategy of their international marketing operations. It is in the context that the study of Indo-FRG trade is being made.

Need for global interaction and reliance on the philosophy of international economic order is being felt. It is acknowledged too, that the interest of developing countries has been awakened and a continuing search for suitable mechanism to exploit export marketing opportunities is being made. It is obvious that there is no single solution to the wide and complex variety of obstacles that face developing countries in their efforts to achieve a higher level of export income and a favourable balance of trade.

The present study briefly discusses all the various possible sectors which act as an accelerator in the economic development of a nation. From every angle the future prospects have been measured, which are of course encouraging and promising for India provided the opportunities are availed of properly.

### O B J E C T I V E

Once having entered into the sphere of the macro-economic world of the two countries, which have two different kinds of economies i.e. Capitalist and Mixed economy form of

government. It becomes necessary underline the area where the ~~real interest~~ lies and seek ~~out~~ in the end, the particular area in which real progress can be made and opportunities exploited making the theme explicitly. I feel here to get the objective fixed.

The main objective of this assessment is to study the market prospects offered by FRG with special emphasis on three items.

- i). Leather Traveling Goods
- ii). Carpets and
- iii). Machine Tools.

This leads to more detailed objectives which are:

- a). To analyse the general situation in FRG and specifically those aspects which will effect trade between two countries.
- b). To examine the past exports of above given goods, with a view to assessing future export potential of these products.
- c). To study the future prospects for over all expansion of trade between the countries on the basis of market access and government policies there.



LIMITATIONS:

Inevitably I have viewed my dissertation work as a research job. So far bring up to the same level I have tried to induct maximum possible economic and trade effecting factor. Despite all measurement assessed by me I felt in it lack of time, being as a student financial impediments would also effect my work. So in my dissertation work I have used Tables and Annexure in the form of Photostate Copy. Inspite of this I have faced various limitations which I don't wish to elaborate here. Because one have to bear it.

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## CHAPTER- II

### A R E A A N D P O P U L A T I O N .

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#### AREA.

The sovereign territory of the Federal Republic of Germany comprises 248, 630.32 sq. kilometr. The largest north south distance is 853 kilometers, the largest west east, 453km. At its narrowest place the Federal territory measures 225 kms. between France and German Democratic Republic(GDR). The circumference of all boarders of states area total 4,244 kms. in land and 572 kms. on sea, the largest common boarder being that with the GDR to the east. This 1,381 kms. strongly fortified fronteir line a result of war second. Separates the two German state . The FGR consists of the 10 Federal states. They are given in the followed page. The city state of Berlin(west) is fully integrated into legal and economic system of Federal Republic is also devided in to 25 administrative areas , 327 countries and about 8500 municipalities. of the countries, 92 are independent towns and cities and 235 rural countries.<sup>1</sup>

#### POPULATION.

Since 1974 the population has been declining. The Federal Republic can not depend on natural growth since the birth rate has been falling for more than 10 years and is no longer even able to offset the deathrate. At 9.4 births per 1,000 inhabitants per year the Federal Republic has the lowest birth rate in the world. The average number of children per marriage is now only 1.3. If the decline countries at the same rate the population is expected to fall by three millions by the year 1990. The German cities with the largest population are (in 1000) is given on the followed page. The population is distributed very unevenly.<sup>2</sup>







MEMBER STATE	SEAT OF GOVT.	AREA 1000sq.km	INHABITANTS Million	per sq. km.
--------------	---------------	-------------------	------------------------	-------------

Schleswig-Holstein	Keil	15.7	2.6	165
Hamburg	Hamburg	0.007	1.7	2210
Lower Saxony	Hanover	4 47.4	7.2	153
Bremen	Bremen	0.4	0.7	1720
North- Rhine west phalia	Dusseldorf	34.1	17.0	499
Hesse	Weisbaden	21.1	5.6	264
Rhineland- platinate	Mainz	19.8	3.6	183
<sup>B</sup> Baden - Wuerttemberg	Stuttgart	35.8	9.2	257
Bavaria	Munich	70.5	10.9	154
Saar	Saarbruecken	2.6	1.1	415
Berlin (west)	Berlin(west)	0.5	2.0	3963

The German cities with the largest population are( in 1000) .

Berlin(west)	1,9181904	Essen	661
Hamburg	1,6721658	Frankfurt	633
Munich	1300	Dortmund	615
Cologne	976	Dusseldroff	604
Stuttgart	584	Nuremberg	586
Duisburg	567	Bochum	485
Bremen	561	Wuppertal	404
HanOver	540	Gelsenkirchen	307

Source. Europa 1981 Vol. I

## R E L I G I O N

Religion draws an important attention for making situation analysis study of FRG. Inevitably about 90% of the population belong to Christian Churches, almost precisely half each Catholic and Evangelical protestants are in the majority in the north Catholics with the South of the Federal Republic. The Lander of Rhineland - Platinate, Saerland and Bavaria are mainly catholic. The two major denominations are about equally strong in Baden-Wierthemberg and North-Rine west phalia. Esewhere procestants predominate.

A therel of the catholics ~~are~~ regarded as regular churchgoers, while among Protestents the proportion is less than 10%. But actual commitment of Christians to their ~~chur~~ches cannot be expressed in figures.

~~There is~~ no state church in the Federal Republic. The State is ~~natural~~ vis-a-vis religious and creeds.<sup>3</sup>

The Protestant Churches (Evangelical Church) in Germany is an alliance of 17 land churches, each of which is widely autonomous.

The Catholic Churches in Roman Catholic Church in the FRG is organised in five church provinces with ~~five~~ archbishops with the bishopries of Aachen, Essen, Lineburg, Munster, Osnabrick, Trier.

Smaller religions groupings: Another the Smaller religious communities are in particular. The so called "Free churches", i.e.



which see themselves characterised by "Voluntarism" rather than  
accegionce to a popular clunch.

\*\*\*\*\*

# LANGUAGE SPOKEN

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What really distinguishes German tribes from one another are their dialects. Even though the great postwar migrations and the impact radio and television have resulted in much adaptation and blurring the dialects remain very much alive. Except for those who have learned the standard language at school, people as a rule can be identified as HESSIANS, HAMBURGIAN, THURINGIAN and so forth by the dialect colouring of a particular region, even though they may be trying to speak the purer, high German (Hoch datsch). And those who give their dialects free rein can run into quite a bit of bother trying to understand people of their tribes. If say, an upper Bavarian and a lower Saxon where both to speak pure dialect they would probably need an interpreter before they could converse.

"It's the same with dialects as it was with the tribes. There was Franconian, Saxon and Bavarian before there was German. For a long time the German language existed only in the form of its various regional vernaculars. Written German has evolved through a long process concluded only in the 18th century. Martin Luther's translation of the Bible from Greek and Hebrew into the vernacular German in the 16th century was an important, although not the only milestone."

The oldest known record of written German dates from about 770. It is a small Latin German dictionary, the so called "Abrogans" Text from that early time and following centuries up to about 1500 can no longer be understood by present day Germans without specialised study. They would have to learn older form German like foreign language. Today, German is the mother tongue of more than 100 million people.

## C L I M A T E

Germany lies in the centre of Europe, between the Scanavian countries to the north, the Alpine countries to the South, the countries in Atlantic Western Europe and in continental East Europe. It ranges from mountains to sea, from the high southern Alps to the north and Baltic Seas. There are no natural barriers to the West, East and North.

Germany is situated in the temperate zone, with precipitation throughout the year. In the north-west the climate is more ocean determined with moderately warm summers and mostly mild winters. Towards the east and the south-east it becomes continental in character, with warm to hot summers and cold winters with increasing continentality the difference in temperature between the warmest and coldest months widens.

"Average temperature of the coldest month of the year (January) range from  $1.5^{\circ}\text{C}$  in lowland areas and below  $6^{\circ}\text{C}$  with mountains. In high summer average temperature of the warmest month (July) lie between  $17^{\circ}$  and  $18^{\circ}\text{C}$  in the north German Lowland, while in the upper Rhine trough and protected valleys they rise to  $20^{\circ}\text{C}$ . The annual average temperature is around  $9^{\circ}\text{C}$ . The situation of the central uplands varies the climate of the individual regions."<sup>5</sup>

More characteristics than the regional distribution of climate types is the frequent change between moist-cool (in winter moist-mild) weather with Atlantic low pressure troughs on the one hand and dry warm (in winter dry-cold) high pressure situations on the other. The period between the last frost in spring and the first frost in autumn, which is important for vegetation and agriculture, averages 205 days in Berlin, 212 in Wiesbaden and 250 on Heligoland.

\*\*\*\*\*

## A G R I C U L T U R E

The Federal Republic is not only highly industrialised, she also has an efficient agriculture producing about three quarters of her requirements.

Since World War II farming in Germany has undergone great change. More than three quarters of all farms are linked together in co-operatives. Joint purchasing and selling joint saving and lending banks and joint use of agricultural machinery strengthen the small farmers competitiveness.

Modern Management methods and the replacement of human and animal labour by machines have brought as bounding production successes. Particularly the specialised farms such as for poultry raising and cattle fattening are to-day more like mechanised industrial plants than the farms of old. "The main crops are floor and feed grains, potatoes, sugar beet, vegetables, fruit and wine. Most farmers especially in Lower Saxony, Bavaria, Herse and Schleswig-Holstein, raise production livestock mostly cattle, wheat, Rye, Barley, Oats, Maize, While beets and Turnips. -- does it require field crops year-wise." <sup>6</sup>

### THE EEC AGRICULTURE MARKET:

As a member of the European Community the Federal Republic decides by the EC, Common agricultural policy i.e., the free trade in agricultural products within the community. They are to maintain



a uniform level of agricultural prices within the EC and support farmer incomes. Although not without difficulties to ensure the functioning of the common agricultural market.

Since the EC Commission has been largely responsible for the common Agricultural Policy and foreign trade.

\*\*\*\*\*

“Industry is concentrated in the länder of North -Rhine, west phalia Bavaria , Baden-Wurttemberg lower saxony, Hesse and Saar land. It under went a rapid upsaving after the war.”<sup>7</sup> Today industry and the crafts together account for almost half the gross national product.

#### Policy

-----

One of the pillars of the market economy system is entrepreneurial self responsibility. That is where the entrepreneur himself must see ~~the~~ to his ~~enter~~prise 's growth and adjustment to changing conditions. The state restricts its ~~enter~~ intervention to furthering social balance and creating favourable economic ~~frame~~ conditions. With this belong stronger supervision of economic power to safeguard against abuses by market dominating ~~enterprise~~ enterprise and the introduction of a mergers control under a cartel act. Another state task is to do everything possible to prevent a ameliorate cyclical fluctuations and disturbance by means of macroeconomic management, in harmony with the social marketing economic system.

#### Structure.

-----

The number of industrial enterprises in the FGR has been falling ~~for~~-yea for years. In 1966 there were 103,850 } whereas now there remain only about 93,000. The sizes of the enterprises varies from branch to branch. Large one predominate in coal, steel and construction industries. Almost all large enterprise in the FGR have the legal form of limited company stock corporation. In 1979 there were 2,141 such companies with a combined share capital of DM 86,100 millions. Of these 912 companies with a capital of DM 56,800 million. were in manufacturing.<sup>8</sup>

The following are brief outlines of some of the major industrial branches.

#### Iron Making

-----

### Iron Making;

Upto the 1950's iron making, in connection with coal minn-  
ing was predominant industry in the FRG. Then petroleum and natural  
gas become increasingly important sources of energy, pushing coal back.  
State structural policy aims to attract new industries to these area.

### Chemicals:-

The most important Basic materials and production goods branch  
in the FRG is now the chemical industry. In 1978 the combined turnover  
of the FRG's chemical industry was DM 110,000 million.

### Machine and Vehicle construction.:

Of particular importance in the FRG are the capital goods industry  
which include above all, machine, road vehicle and aircraft manufacture  
Shipbuilding, electrical engineering and production of office machinery  
and data processing equipment. In 1978 the turnover was DM 105,300 mill.  
Representing almost 11% of all industrial turnover. After The USA and  
Japan the FRG is the third largest automobile producer. The aerospace  
industry are also having significant lead over technological development all  
all around. FRG is Traditional shipbuilders on the world market. In 1978  
turnover was DM 6,500 million.

### Electrical Engineering, Office equipment, Data processing:-

With its 1978 turnover of DM 96,700 million, its almost 10% share of  
total industrial output and a workforce more than a million. The electr-  
onic data processing sector has a key function for the capital goods in-  
dustry. In 1977 FRG was having turnover of DM 6,6900 millin in the field.  
Consumerr goods, food, drinks and tobacco+--

-----  
Total turnover of the FRG's consumers good  
industry in 1978 was DM 1,49000 million. The major branch in this sector  
are textiles garments manufacture, toghether employing more than 58,000  
people. The food tobacco and drink industries had in 1978 turnover is  
DM 128,000 million. The largest share of this was the food industries  
which include, e.g dairies and beer breweries.



# TRANSPORTATION

\*\*\*\*\*

Transportation is the Federal Republic- as in other countries is a major component of national economic potential and a prerequisite for economic and social development. ~~The~~ The densely inhabited country is especially closely linked with the other big ways ..West European industrial countries and the well being of its economy depends greatly in goods transportation and traffic facilities.

## The German Federal Railways.

-----

The largest transportation enterprise in Germany is the state owned Federal Railways. "They currently employ about 340,000 people with a rail network comprising 28,000kms. some 10,000 of which are ~~de~~ electrified." Besides electric engine diesel engines are used there being no more steam countries locomotives in use. The railways indispensable above all for bulk transportation. High train speeds will accelerate rate transportation of goods and passengers. Short range commuter Transportation has become very important. This is being used particularly the case economic agglomeration regions such as Hamburg, the Rhenish west phelian industrial region, Frankfurt on main stuttgart and the fast growing souther German metropolis of Munich.

## Roads.

-----

Roads have taken the lead in the competition with rail transport. This is mainly so because the outstandingly efficient network of federal, state and communal roads enables door to door goods transportation without reloading. Short and long distance road goods transportation today account for some 80% of the total. The rapid development of road traffic is reflected in the number of motor which registered. It rose from 2.4 ~~mill-ion~~ million in 1950 to 24.6 million in 1978.

The strong growth in the number of motor vehicles was matched.



by quality and quantity of roads. Without expansion and renewal of their network the rapid motorisation in the Federal Republic would not have been possible. In the postwar time the road network grew from 347,000kms. in 1951 to 471,000kms. in 1978. ~~FR~~ FRG have longest network of motorways in the world after U.S.A.

#### Shipping.

-----

Due to its geographic location with access to the north and Baltic Seas, and its great economic potential the FRG has an outstanding position in ocean shipping. With its merchant fleet of some 9 millions gross registered tonnes it takes 11th place among the shipping nations. The proportion of the German merchant fleet of world merchant tonnage is 2.5%. The FRG ships are all very new and correspondingly modern.

The sea ports- Hamburg, Bremen, Bremerhaven, Emden, Wilhelmshaven, Lubeck and Kiel being the largest - had to contend with difficult conditions in their postwar development. Whereas Foreign North sea ports, such as Antwerp in Belgium and Rotterdam in Holland were closer to German industrial centres along the Rhine and Rhenish rivers.

The continuous growth in the use of containers of all kinds in shipping has led in the Federal Republic as elsewhere, to an intensification of the most varied means of transportation and thus to a strong expansion of traffic with the characteristics of it. Inland shipping in the FRG has an efficient waterway network at its disposal. The length of the river, canal and lakes regularly used by the inland ships is some 4,400 kilometers.

They include such important international routes as the Rhine which accounts by itself for two thirds of the inland waterway goods transportation.



The waterways network is continuously improved and expended.

For example by the Rhine- Main Danube canal to be completed in the 1980's when as the Europe canal it will link the north sea with the North Sea, or by the Elbe side canal, which links the world port of Hamburg with the central European canals network. The linkage of the Saar River with the international waterways network is to be completed by 1983.

The major inland ports in the FRG are Duisburg, Mannheim and Hamburg, Cologne, Ludwigshafen, Wesseling Gelsenkirchen and Karlsruhe. Inland shipping's economic advantage over other means of transportation is lower its cost per bulk goods.

Aviation.

-----  
 "In 1955 German civil aviation began its operation in the form of Lufthansa German Airlines, after world war second. It is now one of the most successful international operating airline companies. In 1978 Lufthansa carried 12.6 million passengers and 352,000 tonnes of freight." 10

About 60 foreign companies share in the aviation over the FRG, running scheduled services to the German airports. The major ones are Frankfurt am Main, Munich, Hamburg, Stuttgart, Hanover and Cologne-Bonn. Lufthansa has no landing right in West Berlin-Tegel.

Transport experts expect passengers number to rise to between 70 and 80 millions by 1980. By 1985 sum DM 111,000 millions are to be spent on FRG transportation facilities, allocated as follows. So here transportation facilities through sea ports are given.

The biggest German sea ports according to the Cargo handled in 1979

Hamburg	61252	Bremerhaven	10661	Emden	9300
Wilhelmshaven	34734	Bremen Stadt	15969	Luebeck	6969

The biggest German airport according to the Cargo handled and passenger traffic in 1979 are

	Cargo (in tonnes)	Passangers (in tonnes)
Frankfurt	595,513	16566
Cologne	71,158	2109
Duesseldorf	37,951	6832
Munich	28,482	5732
Hamburg	26,481	4302
Stuttgart	19,414	2725

According to estimation in FRG the transportation facilities by 1985, would be allocated as follows.

Facility	Investment ( in DM, 1,000million)
Federal Railways	17,7
Federal Highways / Motorways	59.0
Waterways	07.3
Short distance Public passenger transport	11.0
Road construction (communal)	10.5
Other	5.3
Total	110.8

These investments will contribute to the FRG having one of the world's most modern transportation systems in the 1990's.#

#.. Extracts from Facts about Germany 1980.

## C O M M U N I C A T I O N

\*\*\*\*\*

The German Federal communication system is equipped with the the modern, multidimensional, result oriented series and technology. The FRG, forwards daily more than 32million letters and 720,000 parcels. Some 23,000 telegrams are delivered and 48 million calls go through the telephone network perday. There is telephone in every second house hold. ~~The~~ The postal chequing and saving services make 4.3 millions. ~~belonging a day.~~ There are nearly 20,000 post offices throughout the Federal area. It is envisaged to be the biggest service enterprise in Europe.

In FRG, the post office operates large scale banking services it is, in fact, the largest financial institution in FRG. Every fourth inhabitant has a postal savings account, whose great advantages is that deposits and withdrawls can be made at any post office counter. The same holds for the postal cheque account, system, used mainly for the postal cheque account, system, used mainly for new cash remittances.

Automation of telephone service covers 99% of the calls abroad. Especially strongly expended was the telephone traffic via Satellites, routed through the ground relay station at Raisting in Bavaria, with its three large antennas. The telex network of the postoffice with its approximately 120,000 connections is the densest in the world.

The broadcasting corporations use postal lines for radio and television relying. The post office also operates the technical transmission facilities of the record and third channels - television programme's (voice of German) oversees shortwave services one of the largest transmission station in Europe went into operation at Wartachtal (BAVARIA) in 1969 which, when completed will comprise 24 transmitters.

## CHAPTER-III

### G E R M A N - E C O N O M Y .

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21

To write about the German economic condition it is necessary to highlight the population and its growth rates, for making study on Indo-German Trade. Here in terse it is required to give the real picture. Details have been already covered in the beginning of this chapter.

POPULATION:- 61.6 million      Growth rate +0.5%.

Area:-

have been already given in detail in the beginning .

Total Area :- 0.25 million sq. km.

Gross national product :- To appraise the economic condition of a country it is essential to see the Gross national product (GNP) at current prices, i.e. DM 1497.5 billion (1980, +6.9%). The detail of GNP can be seen in the given figure .

CURRENCY:-

100 Pfennige = 1 Deutsche Mark

Exchange Rates ( October 1980)

~~1-1-Sterling~~ = U.S \$1 = 1.808 DM.

1 DM = Rs. 3.98.

"The basic unit of currency in the Federal Republic of Germany including Berlin ( west ) is the Deutsche Mark ( DM = 100 Pfennings ) , introduced in 1948 currency reform which replaced the Reichsmark . The International Monetary Fund in 1949 has set the parity of the DM at DM 3.33 per US dollar, and in the course of devaluation of European currencies in September 1949 at DM 4.20 / dollar". The DM has been freely convertible since 1958. A 1961 Foreign Trade and Payments Act restored free currency trading in the FRG. After knowing the currency area, population and GNP in brief it is important to look into detail of other economic aspects of FRG.

Since the FRG's foundation her economy has undergone astounding growth. This is reflected in the way the national product has developed. National Accounts. The general yardstick for measuring the over-performance of a national economy in the GNP in the FRG's national account it is regarded from three aspects.

In the first place (it embraces the value of all goods and services produced for the market (origination aspects) . Secondly it shows the composition of the national economy's goods and services in terms of consumption, investment and foreign contribution (exports a imports surplus) the so-called utilisation aspect. Thirdly by subtracting from GNP the writeoff for wear and tear of the production apparatus and indirect taxes (net national product ) are arrived at the incomes of those participating in the economic process ( distribution aspect)

#### Organisation.

"Based on changing prices the GNP of the FRG rose from DM 302,300 , 302,300 millions in 1980 to DM 1,282,600 millions in 1960 to DM 1,282,600 million in 1978. Ignoring price increases and basing the calculation in 1970 prices GNP has grown from DM 429,500 million (1960) to DM 837,300 million (1978)".<sup>12</sup> Since in this period the number of gainfully employed and average times worked have decreased, this growth represents a productivity increase.

\* ~~Almost~~ Almost half the 1978 gross domestic product (47,7%) was ~~originated in~~ Industrial production (mining, energy, processing, manufacturing construction) Thus the performance of these sectors largely determines the growth of the whole economy. In contrast the share of the agriculture of the gross domestic product is declining despite great productivity advances (1960 5.7%, 1978 2.6%) This relationship between Industrial and agricultural production is typical of a highly industrial

Whereas the contribution of commerce and transportation to GDP is also declining. The complete clear view of FRG economy can be taken from the table given below.

	1980	1978	1979	1980
	Annual Growth Rate (%)			
GNP at current Prices (DM billion)	1497.5	+9.2	+8.3	+6.9
GNP at 1970 prices (DM billion)	897.5	+3.5	+4.4	+1.8
Industrial Production Index 1970 = 100.	122.8	+2.6	+5.4	+0.2
Unemployed (million)	0.9	-3.6	+9.8	+1.5
Wage Index (1976=100).	117.0	+2.7	+4.1	+5.5
Private Consumption (DM billion)	819.5	+6.1	+7.1	+6.9
Investment (DM billion)	319.0	+10.2	+15.4	+11.4
Export (DM billion)	350.4	+4.1	+10.5	+11.6
Import (DM Billion)	341.5	+3.6	+19.8	+16.8

Source: Indo German Economic Co-operation 1981.

#### Distribution:--

“National income in the FRG rose from DM240,100 million (1960) to DM4,332 to DM 16288. In making this comparison, one must into account the drop in the value of money due price rises since 1960. The proportion of gross income originating from dependent employment, the so called national wage ratio, has risen from 60.4%(1960) to 71%(1978).<sup>13</sup> Then figures reflects the increase in wages and salaries as well as the process of concentration in the economy.

#### Utilisation :--

The increase in The state is also conspicuous in the utilization of the national product, it was already 20% in 1978. The share of private consumption, on the hand remained fairly constant 57% and 55.5% and share of investment dropped from 26.9% to 20.8%. On basis of 1970 prices, however, state consumption in 1978 was only 17.6% while private consumption accounted for 56.3%. And investment for 23.4%.

G E R M A N F O R E I G N T R A D E.  
\*\*\*\*\*

"Since 1962, Germany is ranking sound in the volume of world trade behind the USA in 1979, Germany's share in world exports was 11.4% (1978: 11.9%), and the share of the USA 12.1% (1978: 12.0%). Regarding world import Germany's share was increased by 16.9% in 1980 (10.4% in 1979), (1978: 9.9%) and the share of the USA 14.2% (1978 : 14.8%)." <sup>14</sup>

WORLD TRADE 1980/6 MAIN COUNTRIES.

TABLE:- 3.2

COUNTRY	WORLD EXPORTS		WORLD IMPORTS	
	US \$ billion	% share	US\$ BILL, % share	
Total of which	1507.2	100.0	1542.3	100.0
USA	181.8	12.1	218.9 <del>218.9</del>	14.2
<u>GERMANY</u>	<u>171.3</u>	<u>11.4</u>	<u>159.7</u>	<u>10.4</u>
JAPAN	102.7	6.8	<u>109.8</u>	<u>7.1</u>
FRANCE	100.0	6.7	107.0	6.9
UK	91.0	6.0	102.9	6.7
NATHERLANDS	<u>63.7</u>	4.2	68.2	4.4

Source:- How to export Germany. 1981

"Where as in 1978 Germany's foreign trade showed a higher growth rate as compared to world trade (20% as against 17%) in 1979, both showed an identical rate of growth i.e. 25%. In 1979 Germany imported goods worth DM 292.2 billion, almost 20% more than in 1978. German exports increased by 10.4% to DM 314.6 billion. Due to the comparatively higher import goods growth rate, Germany's trade surplus was almost halved as compared to 1978 i.e. DM 22.4 billion in 1979 as against DM 41.2 billion in 1978." <sup>15</sup>

The goods imported by Germany in 1979 amounted to more than 4 times of what has been imported in 1965. The goods imported by Germany in 1979 amounted to more than 4 times:-

-----0000-----

GERMAN FOREIGN TRADE/1965 to 1980.

TABLE:- 3.3

YEAR	IMPORT		EXPORT	
1965	DM billion	% change	DM billion	% change
1965	70.4	+19.7	71.7	+10.4
1966	72.7	+ 3.2	80.6	+12.5
1967	70.2	+ 3.4	87.0	+ 8.0
1968	81.2	+15.7	99.6	+14.4
1969	98.0	+20.7	113.6	+14.1
1970	109.6	+11.9	125.3	+10.3
1971	120.1	+ 9.6	136.0	+ 8.6
1972	128.7	+ 7.2	149.0	+ 9.6
1973	145.4	+13.0	178.4	+19.7
1974	179.7	+23.6	230.6	+29.3
1975	184.3	+ 2.5	221.6	+ 3.9
1976	222.2	+20.5	256.6	+15.8
1977	235.5	+ 5.9	273.6	+ 6.6
1978	243.7	+ 3.9	284.9	+ 4.1
1979	292.2	+19.9	314.6	+10.4
1980	341.3		350.4	

Source:- How to Export Germany.

The main supplier country for German import was the USA in 1960. In 1979, the Netherlands maintained its position of the previous two years as the main supplies, where as the USA only ranked fifth in the three years. The clear picture of imports can be seen in the table 3.4.



Imports;-contd.

Among the buyer countries, the Netherlands was leading (DM 4210 million in 1960, followed closely by France (DM 4202 million) However, France was the main buyer.

## GERMAN IMPORTS/6 MAIN COUNTRIES.

TABLE:- 3.4

	1960	GERMAN IMPORTS	
		1970 (DM Billion)	1979
NATHERLANDS	3.6	13.3	35.9
FRANCE	4.0	13.9	33.2
ITALY	2.6	10.8	25.8
BELGIUM/ LUXEMBURG	2.4	10.4	23.4
USA	6.0	12.1	20.3
UK	2.0	4.3	17.3

Source:- How to Export Germany 1981.

Due to the unavailability of data here 1980 figure is not brought up. The main supplier country was the Netherlands both in 1980 and 1979, with a percentage of share of 11.5% respectively 12.3%. In 1980 list Netherlands supplies performance topped.

EXPORTS:- Regarding the export performance of FRG is brought up in table 3.5.

## GERMAN EXPORTS /6 MAIN BUYER COUNTRIES.

	1960	GERMAN EXPORTS	
		(DM billion) 1970	1979
FRANCE	4.2	15.5	48.0
NATHERLANDS	4.2	13.3	31.3
BELGIUM/LUXEMBURG	2.9	10.3	26.8
ITALY	2.8	11.2	24.5
UK	2.1	4.5	21.0
USA	3.8	11.4	20.8

\*=11 SOURCE:- HOW TO EXPORT GERMANY, 1981.

While discussing the German Foreign Trade it is essential to give regionwise and itemwise trading in both the field, export and import which is elaborately given in the table 3.6 and 3.7.

GERMAN FOREIGN TRADE/REGIONWISE :---

Table 3.6

Region	Imports		Exports	
	1980	1979	1980	1979
Industrialised				
Western countries	254117.6	221440.3	277737.3	2495797.7
EEC Countries	157599.8	141275.2	168222.3	1517511.1
Other European Countries	52134.8	43681.7	74916.3	651731.1
Other	15274.2	13105.0	10944.5	9596.1
USA and Canada	29308.8	23378.4	23654.2	23085.8
Developing Countries	69530.3	54325.3	51776.9	45083.3
% of the total import res Export	20.4	18.6	14.6	14.8
Africa	23316.8	17783.7	14623.1	12187.8
Asia	11187.4	10427.8	11502.2	9652.9
Oceania	713.1	543.3	78.3	98.8
Countries with nationalised foreign trade	17381.9	16906.8	1940.8	18841.1
% of the total import res. export	5.1	5.5	5.5	6.0
Total	341259.3	2920401.1	350400.1	314469.4

\* Source:-- Indo-German Economy 37/1981.

“The main import items were crude oil, mineral oil were machinery electro technical and chemical goods. Products and natural gas and the main export items. In 1981 in the export import there has been tremendous change.”<sup>16</sup> Its noticable that from East Asian Countries particularly this change have been made. In that India has played vital role in the export region which can be seen later on in detail

GERMAN FOREIGN TRADE ~~7~~ITEMWISE

(DM MILLION)

Main GERMAN EXport Item.

Table-3.7

GROUP OF ITEMS.	Import		Export	
	1980	1979	1980	1979
Food Production.	43364.4	39946.8	18531.6	15698.5
%of the total import- resp export.	12.7	13.7	5.3	5.0
Living Animals	657.5	677.2	596.3	527.4
Food stuffs of anima- ls origin.	10202.2	9262.9	7611.6	6448.3
Food stuffs of vege- table origin.	25752.1	23614.5	7694.0	6384.2
Stimulants.	6752.6	6391.6	2629.6	2338.5
Trade and Industry	293581.4	248445.7	329368.3	296637.1
% of the total import resp. exports.	86.0	85.1	94.0	94.3
Raw Material	58924.5	42702.8	6791.1	6552.2
Semi finished products	59793.6	50124.2	30520.2	24796.2
Finished products	174863.2	155618.7	292057.0	265285.8
Primary products	45200.7	42245.1	62648.1	58688.1
Endproducts.	129662.5	113373.6	229409.0	206597.7
	341259.3	292040.1	350400.1	314469.4

Source:- Indo-German Economy.

A-E- After discussing the German Foreign Trade, it would be followed by the another next important chapter i-e pattern of distribution in FRG.

PATTERN OF DISTRIBUTION IN FEDERAL REPUBLIC  
-----  
OF GERMANY.  
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29

Undoubtedly one would envisage the all aspects of trade link while making an international trade analysis. Its endeavour of an individual to find out , and explore the maximum, which he feels relevant in his view for making the job easier and meaningful regarding his study. So did I here. Included the facts about the pattern of distribution in FRG!s

“In 1975 the world's great economic powers—USA, USSR, Japan and EEC alone had a combined national gross product of over 3 trillion dollars<sup>„17</sup>. Only a minute portion of these goods and services were consumed at the point of production. Furthermore only a very small fraction was purchased by the ultimate consumer directly from the final producers and virtually none from finished product producer's suppliers. This notwithstanding trillions dollars worth of goods and services throughout the world managed to overcome these gaps of space and ownership and reach the ultimate consumer. The marketing process performing the several functions required to bridge the gap between the production and consumption cost the four great economic powers approximately one trillion dollar in 1975. Even for a single product these functions are seldom performed by one firm but rather by a series of firms. The particular sequence of firms that performs three of these marketing function — movement of ownership negotiation of title and the final movement of the product— is usually defined as the marketing channel or distribution .”

Distribution which is the most crucial element of marketing , both for products of domestic as well as foreign origin,

had received very low priority in the years before 1950. It was in fact called the economy 's dark continent by P. Drucker which was miles away from the basic purpose of modern marketing - customer service and was envisaged to be just link between the factory production point and the marketing /selling point it was thought to be just strong and transport and management efforts devoted and the resources allocated to it were minimal as compared to other activities of commercial firm. In certain cases the distribution was handled by a third party organisation against certain predetermined commission or outright sales. The role of distribution sales expansion and customer satisfaction was yet a thing of the distant future. Distinct possibilities, therefore existed for bringing about cost reduction in movement of goods and improvements in customer services.

“The year 1960, however, witnessed the advent of a total distribution concept premised on the significant contribution that it can make in the area of expanded sales demand. In 1970, the distribution further evolved to become a total logistic system covering all the aspects of the movement of a product from a producer to a consumer including transportation, inventory controls, promotion, installation and repairs marketing services and the like<sup>28</sup>. The countries of the western world especially America and Europe were in the forefront of this movement of treating distribution not just a link between a producer and consumer but a total logistic system.

The objectives of today's distribution higher level of customer's services, increased total sales volume and higher productivity emanating from mechanical handling, labour efficiency and better managerial efficiency brought about a significant change in the distribution structure in the ~~legal~~ leader countries. Factors contributing to the innovational changes in the distribution, visible in

the countries of western world, could perhaps relate to:

#### Management Awareness-

This development of management techniques in relation to depot location and use of cubic feet rather than square feet for warehousing for cost reduction in distribution system operations.

#### Technical Developments.

Especially in the area of packaging, transportation, mechanical handling, computer based information systems.

#### Structural Changes-

In the channel resulting from specialisation and centralisation of operations introduction of cash and carry wholeselling.

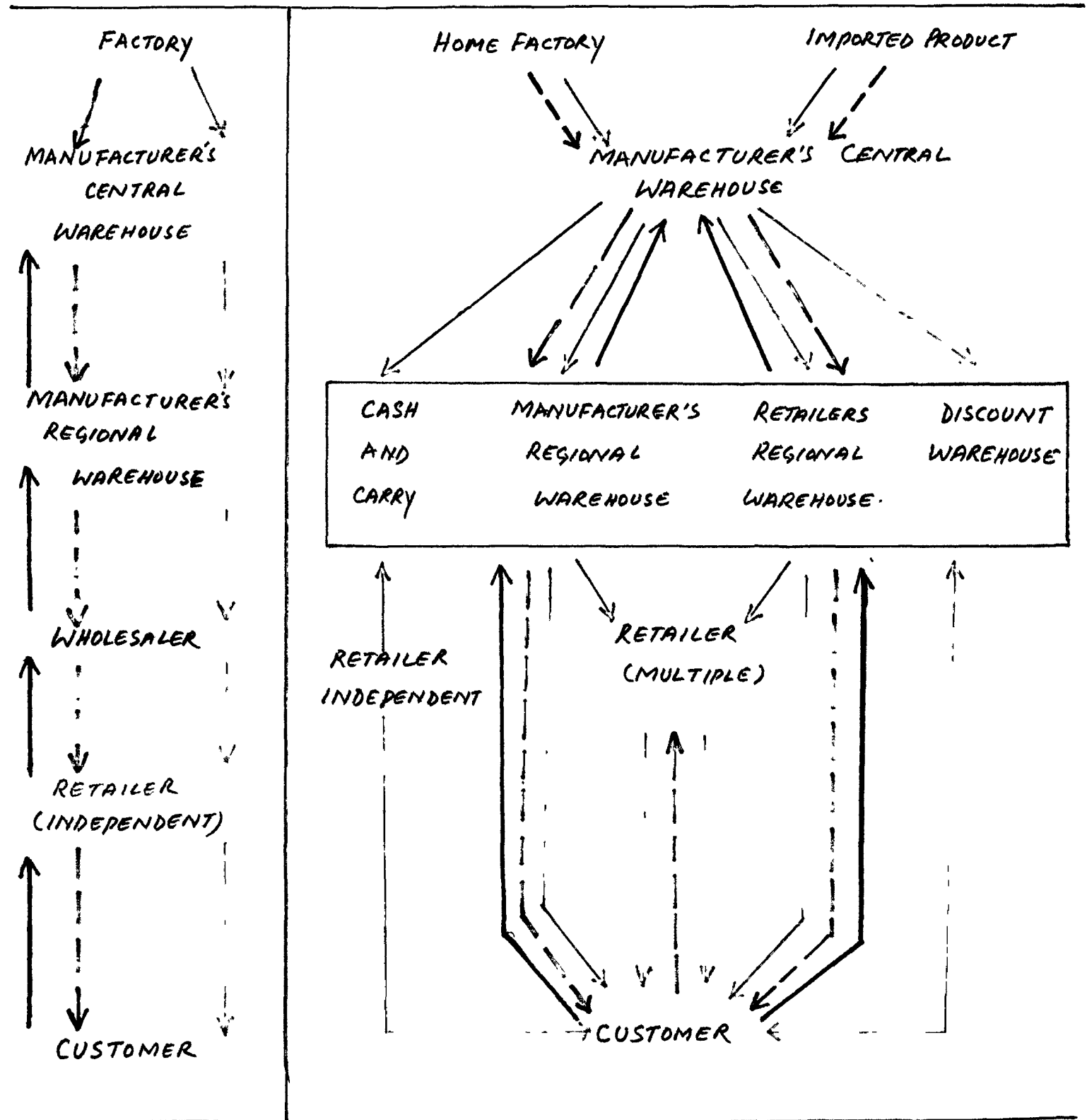
#### Environmental Changes.

These include urban renewal programmes, motor way development difficulties about parking and the introduction of government legislation on vehicles, weights and driver hours.

The tables which have been made to illustrate the impact of these changes on channel function would be brought here for further insight analysis which I suppose it, as a ~~written~~ vital role playing in the pattern distribution. On the next page table can be seen as a part of distributive trade.

The picture of distribution that emerges from the foregoing paragraph is of a system which is functional nature, has less labour content and is completely oriented towards efficient customer service. In the case of food and general item (consumer) both in America and Europe, wholesale function is gradually disappearing and is being replaced by manufacturers regional warehouses and a combination of cash and carry wholesalers and discount warehouses. In this process

## CHANNELS FOR CONSUMER DURABLES

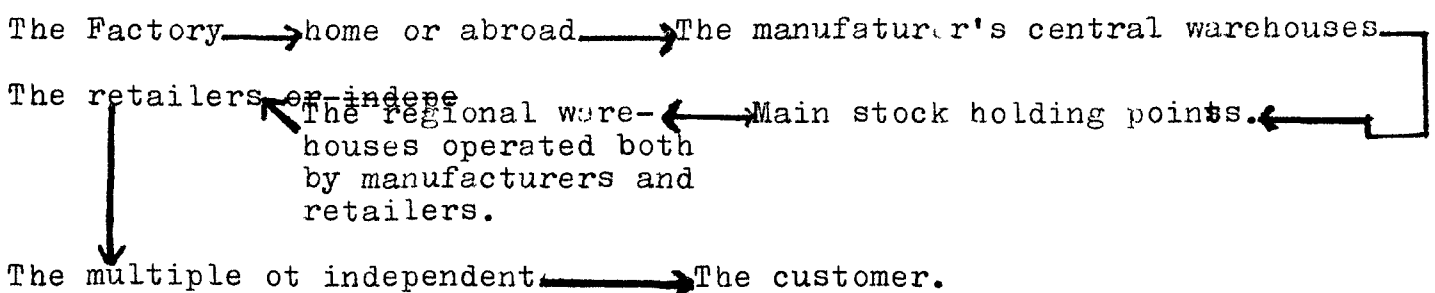


# Factors influencing change with in the Distribution Channel.<sup>19</sup>

Nature of the change	Technical changes	Structural changes	Environmental changes
Channel Function			
1- Manufacturer	Economies of scale	Concentration of activities	Geographically wider markets polution.
2- Manufacturer's central ware-house	High bay warehousing, mechanical handling developments. Information and control system.	Centralisation	Warehousedesign development of out of town industrial estates.
3- Transport (trunking)	Articulated trailers.	Specialisation of operation.	Moterway development Govt. legislation.
4- Manufacturers regional ware-house	Development of S-S packing.	Small specialisation	Development of surburbun industrial estate.

On the above pattern transport ( delivery), retailer , Customer- s transport and customersca n be classified for the afactors influenci ng change with in the distribution channel. In this process of channel shortning ,big masses merchandisers like KAUFHOF, KARSTADT, Coop.and QUELLE in West Germany have played no mean role. The detail about it have been discussed on previous page .The channel structure currently existing in Europe( particularly in FRG) for consumer goods is as fol- lows.

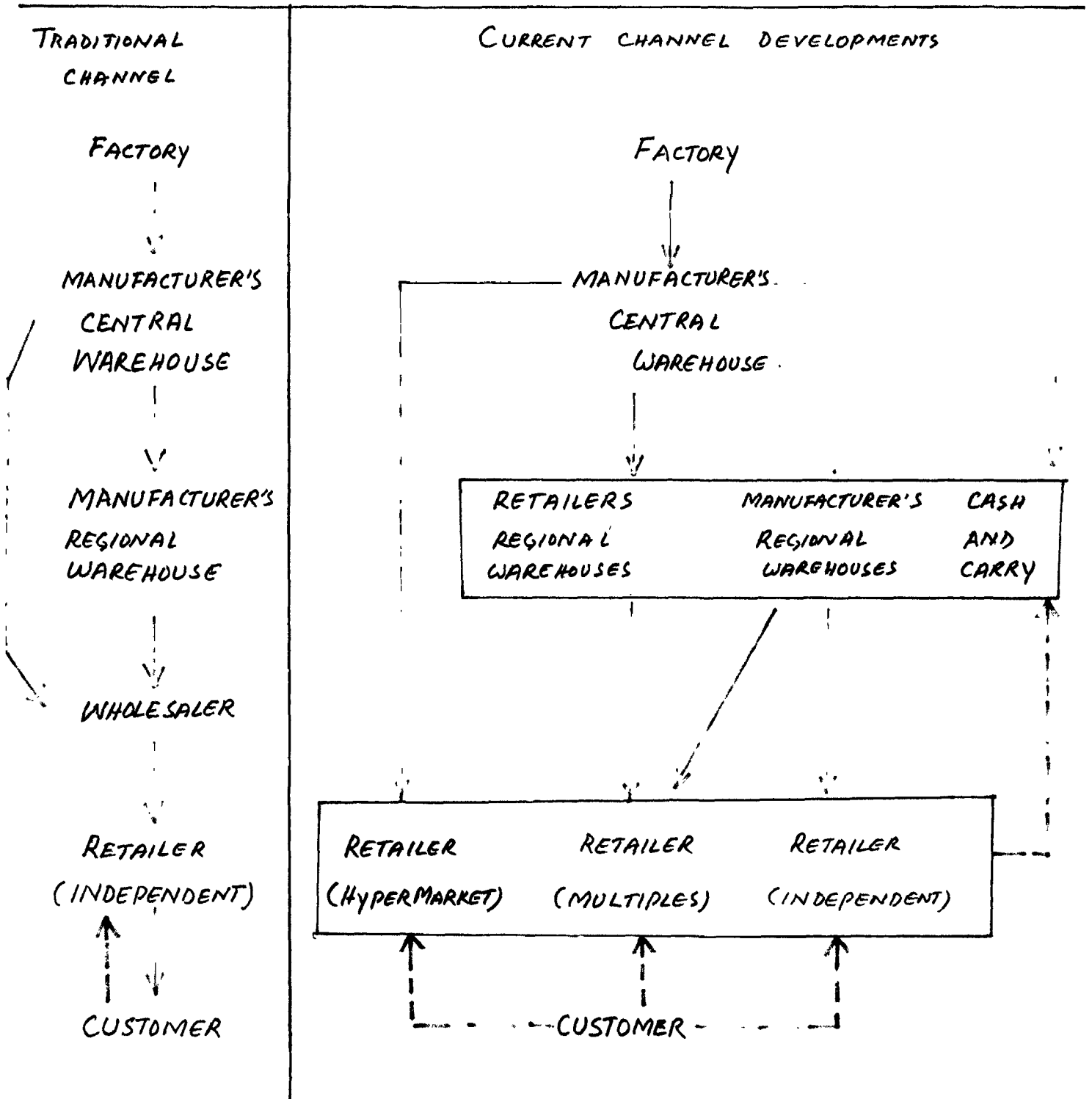
## Consumer Durables



## THE CONSUMER DURABLE CHANNEL LINK .



# CHANNEL FOR CONSUMER PROVISION



It was with this idea that I embarked on an appraisal and assessment of the possibilities and opportunities of various Indian goods or articles overseas. After I had a discussion with Prof. Dr. A.M. Khusro our former Vice-Chancellor (and corrently Ambassador to West Germany) that I decided to do the above mentioned study with reference to FRG. The West German markets are characterised by increasing demand with regard to those items in which we can cater to their needs. In many items India is already an established exporter to West Germany.

I hope that my work will be appreciated by people in this field and by observers of trends in Foreign Trade.

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## ACKNOWLEDGEMENT

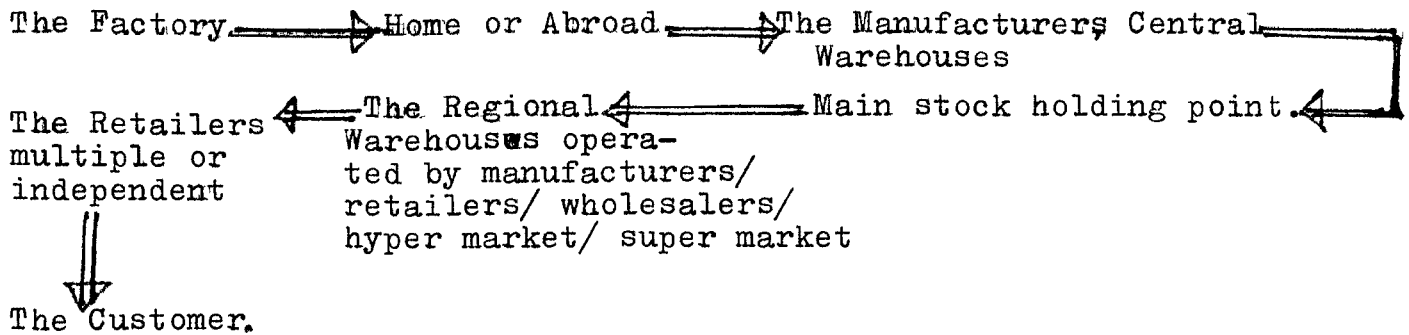
First of all I wish to acknowledge with gratitude the invaluable suggestions and advice given to me by His Excellency Professor Dr. A.M. Khusro, our Ambassador to West Germany and an eminent economist of our country. In spite of his busy schedule and pressing engagements he was kind enough to give me some of his valuable time.

I would also like to gratefully acknowledge the help I need from Dr. G. Krueger Executive Director, Indo-German Chamber of Commerce, Bombay, in the preparation of this dissertation.

I am indebted to Dr. Hisamuddin Farooqi, Reader Zoology Department, A.M.U. for the encouragement and help he provided me in this dissertation work.

My elder brother Mr. Shibli Mallick gave me suggestions and guidance throughout the duration of this work.

Special mention should be made of the expert and detailed guidance provided by Mr. S.M. Ozair who was my official supervisor in this project. In spite of the heavy load of teaching work and other departmental responsibilities he provided guidance with utmost regularity. I would like to say here that without his constant attention and motivation work on this subject, which at first appeared to me to be



The clear and detail can be seen in figure, which will depict about chanel distribution in both the cases i-e consumer durable chanel and consumer provision channel.

It is evident that ~~is~~ changes is taking place rapidly, so this field too remain busy in keeping the parity with inter temporal changes. Because the overall motivating factors remains higher customer service level, necessitated by the intensive competition market pressures and dynamicaly changing life style of the customers. The need to offer goods at lower prices, at times when they required and in convenient packages are other factor important in this aspect- so the i mportance of lower costs and reduced operating risks.

#### Higher Customer Service Level:--

Here the most important factor is reliability of delivery. Companies adopting a central stock holding scheme have to ensure that there are rapid transport facilities for meeting the target consumer service levels Also important here is shortening of distributional channels and utilisation computerised based administration and control system. One would hardly find a chain in these countries without facilities of mechnical storage and handling, computer service for stocking, warehousing, inventory controls and regional distribution.

#### Cost Reduction:--

The interesting point here is that attemts are being made to reduce costs without affecting the consumer service level. This can be achieved through restructuring the distributional chanells.

More importantly these changes are effected through organisational changes in these countries rather than technical changes leading to vertical integration in distribution function. Specifically cost reduction has been achieved through means like:

i- Restructuring of the distribution channel; ii-- Shortening channel of distribution; iii-- Shifting the burden to the other channel members; iv-- Specialisation of activity; and v-- economies of scale.

The popularisation of direct marketing and mail order business is one example through which cost reduction is being effected in countries of Europe and America. Here the expenditure incurred in showroom, display and sales personnel is minimal enabling the distributors to offer goods at relatively lower prices with prompt delivery schedules made possible technical innovations in handling of orders, controlling of stock & inventory, use of housewives for promotion of merchandise against commission and the like. The expenditure saved on the above counts is spent but to a much lesser extent on advertising and sales promotion.

#### Reduced Operating Risk:

-----  
The operational in the distribution system are in ~~RE~~ respect of two factors ---(i)in the traditional channel structure the movement of goods was slow resulting in losses due to damage deterioration, pilferage, obsolescence, and (ii)changes in final market demand resulting in increases and decreases in the customer requirements. Toover come these operational risks, which are a charge on profitability of the company, the modern distribution system follows the central warehousing by manufacturer's and rapid transport system for ensuring quick deliveries to the regional warehouses and to retailers. It means that wholesalers and the retailers have been removed from the product flow system though they hold the same stock levels required

at point of the time owing to quick deliveries. The channels system through this method, has been able to minimise the effects of fluctuating customer requirements as only such levels of stock are held by customers at a point of time. This also reduces the cyclical effect of factory demand thereby reducing the level of operating risk within the business.

In the field of innovations in the distributive trade ~~FRG stands~~ in Europe. In terms of trade magnitude handled through wholesales and retail outlets as well it occupies the foremost position in the European Community.

The distributive trade in FRG during the last two decades has witnessed developments of far reaching consequences strengthening the hold of large establishment on retailing. Today it is characterised by predominance of large organised establishment especially in regard to buying power. Today it is more powerful. Both retailers and wholesalers are bidding for position through the establishment of groups for deriving the benefit of bulk buying and resultant economy.

After considering the pattern of distribution in FRG and its consequences, it depicts its direct link with the FRG trend in wholesale and retailing. For the same here I do not feel to go in detail, instead I would like to bring in brief.

#### Whole-sale Trade:

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The wholesale sector of FRG with 115,000 companies had a trade volume of DM 545 billion in 1978 as against DM 360.6 Bill. in 1972 an increase of 51% during the six year period. Yet another significant development in this sector relates to the growth of cash and carry wholesalers which could be categorised as large wholesalers.

#### RETAIL TRADE : \*\*

\*\*\*\*\* \* \*

The period of 1970-79 saw an escalation of 96% in the retail trade.



trade turnover though a part of this rise can perhaps be attributed to inflationary trends. The growth in this sector is positive. In the line with the dynamism of the wholesale trade, the retail scene is also undergoing significant changes. Now the self service department stores have been appeared on the scene and today they constitute one of the most leading segments of the trade. It has been observed that over 65% of the independent retailers are affiliate members of one chain or other.

#### Department Stores:--

With a total sales area of over 4 million square metres, have the traditional department stores (non self service type) have exhibited dynamism in their operations particularly in respect of covering new products and penetration into remote areas. Similarly for wider coverage of the customers they have extended their activities to suburbs, small towns and village shopping centers. Besides they also started shopping centers. Through the adoption of these diversified activities they have been able to annex a major share of the total retail turnover of department stores.

Like other these important stores houses played vital role in channel trade. They are as follows:

Multiple Stores      Mail Order Houses:  
 \*-----, -M-----, Consumer Market and Self -  
 Service Stores, and Consumer Cooperative.

Now after seeing the pattern of distribution in FRG and trends in whole sales & retail trade in the same market, the study requires its final touch so what so in my view it is better to highlight about its future development in its finished course.

### Expected Future Development in FRG's distribution Channel.

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The decades 1980 is envisaged to witness far reaching changes in the entire philosophy governing distribution in America and Europe both. Efforts ~~has~~ contributed levels are being made by manufacturers and retailers to innovate new things and techniques for reduction and improvement in customer service. Personalised selling is becoming a thing of the distant past and more and more concentration is being placed on the development of hyper market and large mail order where merchandise will flow from producer to customer almost at a jet speed with minimum of cost at ~~retail level~~ relatively lower prices. "A mail order house in WEST GERMANY is developing a system through which orders could be placed by way of close circuit TV from any city in the country. Direct marketing through leaflets and promotional letters has come to be accepted as a very important method of sales. Shopping under one roof where facilities for the purchase of all need on the basis of 24 hours working is being thought of as a very strong future development. Stores are moving away from the urban centers, to be shifted to suburbs country areas for the facilities of parking and for starting of very large stores which combine the range of products offered by a super market and a departmental stores." 20

There are various important steps which have been observed by the IIFT New Delhi team. They have conducted survey programme on FRG's distributive trade. According to their suggestion the future development in the field of channel distribution. They are ~~the~~ as follows;

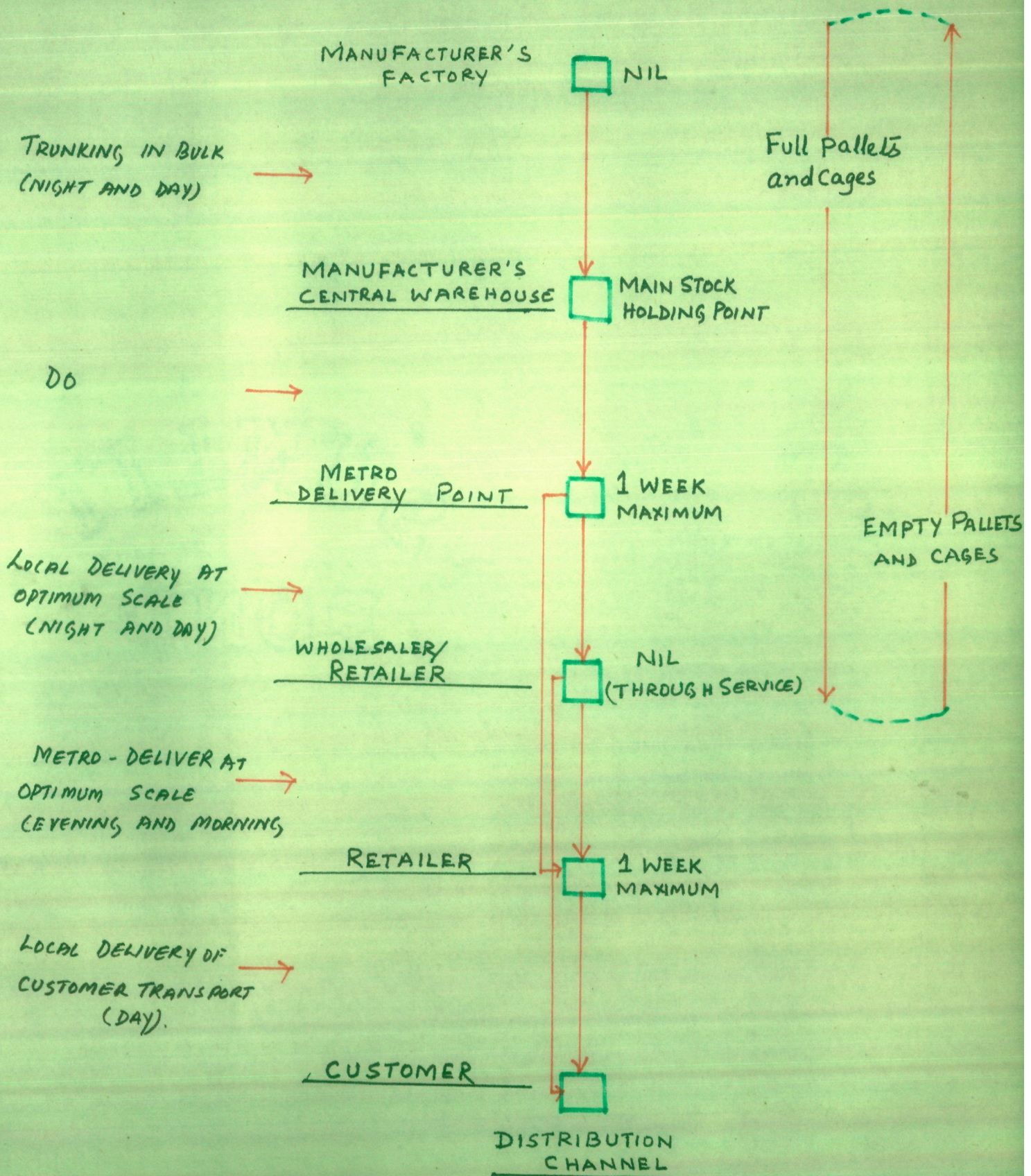
Management planning There will be complete shift over in the concept of distribution from physical distribution to complete logistic system. Distribution planning will from an accepted tool of management decision making.



# A FORECAST OF THE FUTURE DISTRIBUTION SYSTEM. 40

## TRANSPORT SYSTEM      ORGANISATION

## STOCK HOLDING LEVELS      RE-CYCLING SYSTEM.





Channel Organisation--- There will be a greater cooperation between independent channel members resulting in amalgamation of the channels different function of the different members. For enabling the channel members to specialise in certain activities high economies of scale through public warehousing, trucking and local delivery system are on the cards.

Technical Development--- The automation will become a most imperative element of distribution with introduction of 40 ton four axel vehicle for transportation of goods. Development of computer based data system for quick information input analysis and retrieval throughout the length of the channel is expected. It is also believed that advances in packaging and mechanical handling of distribution system for particular type of customer.

Environmental Techniques---

There are expected to be movement towards out of hours delivery and utilisation of night trucking for avoiding day time traffic. Growth of hyper markets and out of town shopping centers will continue,

Management techniques---

Considerable emphasis will be placed on the development of computer based operation research techniques for optimum operations especially in respect of sales forecasting system. Vehicle routing, and loading systems and operational control of local deliveries and collection system.

It is therefore apparent that decades of 80's will see a distribution system containing low levels of stock, relying solely upon quick transit system established by a rapid flow of information based on data system and computer based analysis. The organisation



will be continuation of the present trend with the possible addition of a metro delivery point. The metropolitan warehouses in this case will be set up to receive products, throughout 24 hours to supported by a delivery system to the towns shop in the early evening, night and early morning and delivery to the customers home during the day. Maximum use would be made of the night trucking and the transit time from the factory today customer is expected to be reduced to 24 hours.

Yet another qualitative change expected to take place in this decade is the emergence of large number of voluntary chains catering to specialise markets and specialised requirements of the customers. The movement of independent stores getting together on the voluntary changes level where certain functions like buying and promotion are centralised and the store though independently owned is known under a common symbol name, started in 1960's is expected to escalate to meet the challenges of large chains and hyper markets. Though the hyper markets are expected to be established in larger numbers, there is highly likelyhood of having boutique type departments in these hyper markets catering to a limited product range for meeting the inewagers of a discerning buyers, who wants convenience but not at the cost of exclusivity.

After considering the pattern of distribution and ~~tra~~ine trends in wholesale and retail trade in FRG, it is customary to give all the given growing activities in the possible figures. For which I am bringing here particularly figures of distribution channels for consumer durables and channel for provisions food, and of course the figure on future development which is expected to happen in the field of distributed trade in FRG.

"India's foremost trading partner in the world today, the EEC ~~inferred~~ imported goods worth Rs. 17.3 billion from India during 1979/80, at the same time its export to India touched Rs. 21.8 billion. The trade deficit which amounted Rs. 4.5 billion, was lower by 15.5% as compared with the previous year, reflecting the bigger rate of growth of EEC imports from India ~~+~~ 11.2% as compared to its export to India ~~+~~ 4.5%. The EEC is followed by USA, USSR, JAPAN and IRAQ among India's partners in international trade." <sup>21</sup>

In 1979/80 Germany which has always been in ~~fruntranks~~ held the second position behind UK, both among EEC buyer as well as supplier countries. Its % share in total EEC imports from India ~~fose~~ from 17.5% to 21.8% during 1979/80 an increase of 38.8% over the previous years.

German exports to India on the other hand increased by just 2.2% during 1979/80 correspondingly Germany share in total EEC export to India also declined from 30.8% during 78/79 to 29.6%. Although the decline was marginal Germany lost its leading position to UK which ~~rentedfine~~, with a percentage share of 32.6% in total EEC exports to India.

Indian exports to Italy, Denmark and Ireland achieved the highest growth rates ( +55.3%, +53.4% ) and \* +45.6% respectively followed by Germany with 38.8%, while exports to UK, Belgium and Luxemburg showed minus rates i-e- 3.6% - 29.6% and -61.4% respectively

Similarly in the case of Indian imports negative rates were recorded ~~ed~~ with respect to Belgium (-26%), Netherlands (-8.4%) and France (-8.1%) while imports from Luxemburg, Ireland and Italy shot up by 300%, 81.4% and 47.4%. In spite of this the share of these ~~eeu~~ countries in total EEC supplies to India remained small in 1979/80.

On 1st January 1981, Greece became the full-fledged member of the EEC. with that, the EEC now comprises 10 member countries. So far as, India trade with Greece has always featured a surplus., even in the 1979/80 India's export to Greece amounted to Rs. 114.7 million as against imports worth Rs. 61.4 million. Over the past 2 years, however, there has been a sudden sprit in Indian imports from Greece. From a relatively low level of Rs. 36 million in 1977/78, there have been surged ahead at high rates of 406% and 365% during the following years, to reach Rs. 61.4 million in 1979/80. Export to Greece, on the otherhand have rising steadily at the rate of +17.2% and +18.5% during 1978/79 and 1979/80 respectively.

#### Duty Free Imports From India.

-----

The generalised system of preference under which the EEC grants duty free entry of imports into EEC has been extended for another 10 years. "The main feature of the 1981 regulation of the scheme which was introduced in 1.7.1971 are:-

1- From 1981 onwards EEC grants duty free imports of goods from 124 developing countries. Zimbabwe being independent now, has been included in the list.

2- With Greece joining the EEC the number of EEC member countries granting tariff concession increases to 10.

3- Also in 1981 China and Romenia have not yet been made full-fledged benificing countries, only some of these concession apply to the countries.

4- There are no changes in the field of textile items except that the amounts allowed for duty free import into EEC have been increased by 2% due to the fact that Greece has joined the community.

INDIAN EXPORT TO EEC COUNTRIES:-----\*~~INDIAN~~ IMPORTS FROM EEC COUNTRIES.

(Rs in million)

TABLE:--3.8

S.NO	COUNTRY	IMPORT			EXPORT		
		1979/80	1978/79	1977/78	1979/80	1978/79	1977/78
1	U.K	7088.1	5696.0	4610.7	5063.1	5352.5	5244.3
2.	GERMANY	6445.5	6306.8	5548.2	3780.4	2723.7	2440.4
3.	BELGIUM	2636.9	3565.3	1532.5	2202.1	1793.1	1370.0
4.	NATHERLANDS	1451.9	1585.0	821.5	2127.4	1370.2	1007.2
5.	FRANCE	2077.5	2261.4	1584.6	1952.8	1760.5	1470.1
6.	Italy	1788.5	1213.3	869.5	1610.2	2278.5	2022.1
7.	IRELAND	116.8	144.9	134.1	287.5	185.8	193.4
8.	DENMARK	160.8	64.7	130.9	285.1	197.4	185.4
9.	LUXEMBURG	0.8	0.2	4.5	1.7	4.4	0.5
TOTAL		21767.2	20837.2	15111.9	17311.9	15565.9	13921.4

Source:-- Indo German Economic Co-operation 1981.

INDIAS TRADE WITH EEC AND OTHER MAIN COUNTRIES:-----  
(RS Million)

TABLE:- 3.9

COUNTRY	IMPORT			EXPORT		
	1979/80	1978/77	77/78	1979/80	1978/79	77/78
EEEC	21767	20736	15112	17312	15697	13921
USA	99260	7592	7559	9260	7685	6751
JAPAN	9173	5644	4274	9173	5943	5047
USSR	8243	4699	4464	8243	4117	6567
IRAQ	6207	5832	3311	6207	471	512
IRAN	6094	3485	5435	6419	925	1166
TOTAL	90218	67881	60202	63886	57257	54079

5- For jute and coir products, EEC has enlarged the list of countries which are allowed to import duty free into EEC. From 1981 onwards the so called least developed countries are also beneficiaries of this concession. Up to now only India Thailand and for certain products Sri Lanka were allowed to import duty free.

6- The GSP scheme has been considerably simplified and streamlined in the field of manufactured and semi manufactured goods other than textiles. In future there will be only two classifications of items - 'Sensitive' and 'non Sensitive'.

7- Further the regulations have been adapted to the stage of competition even of each beneficially developing countries will come under different categories.

1- 17 competitive contents.

2- 36 least developed countries.

3- 90 developing countries, which do not belong to category 1 or 2. India belong to category 1, having been identified as competitive with respect to 1 item i.e. shoes with leather uppers (CCT No. 64.02A). An annual quota of 3332000 EUA (1 EUA = DM 2.53) has been fixed for the import of the items from India into EEC. The distribution among EEC members is as follows.

GERMANY	733040	ITALY	384512	UK	559776
BENELUX	279888	DENMARK	133280	GREECE	53312
FRANCE	506464	IRELAND	13328	COMMUNITY RESERVE	666400

South Korea and the list of competitive countries having been identified so competitive with respect to 29 items, followed by Hong-Kong with 23 items. All such items 65 in all from part of the list of 128 substitutive items of the balance of 63 items plans have been fixed for all developing countries except the least developed ones.

When quantities fixed are ~~exchanged~~ exhausted, EEC may introduce custom duty after having consulted the buyer country. Not so in the case of 65 items, for which the custom duty automatically becomes payable by the competitive country concerned once the quota has been exhausted.

Non sensitive items, on the other hand can be imported duty free into EEC without quantity restrictions from all the 3 categories of countries. Only in the case of steep increases in the imports of specific items, customs duty may be introduced.

8- In the field of agricultural items the customs duty has been reduced for 45 items and the following new products have been included in the list of agricultural products, with the duty concessions.

03.02- fish meal -- 9% only in favour of least developed countries.  
D

09.10-- Thyme, whole ---11% other than

All --- Thyme ground --13% crushed

B- Bay leaves--- 13%

In 1981 more than 300 agricultural products came under the GSP concessional scheme. Out of which 80 are altogether duty free. The balance concessional duty rates-- Extracts from Duty free Imports from India into EEC.

To start study on the Indian Economy for my study on Indo- German Trade it is necessary in my view to take into account into brief situation analysis of contemporary India.

AREA AND POPULATION.

Population 684 million ( 1981 growth rate: + 2.3%).<sup>23</sup>

Total Area: 3.3 million sq. km.

Biggest Cities: Calcutta 9.2 million, Bombay 8.2 million.

New Delhi: 5.2 million.

AREA	CENSUS POPULATION		ESTIMATED POPULATION ( MID- year )		DENSITY Per sq. km.
	MARCH 1st, 1961	APRIL 1st, 1971	1979	1980	1980
3,287,782 sq. km.	439,234,771	584,159,652	650,982,000	666,753,000	202.8

" Including SIKKIM ( incorporated into India on April 26th 1975) and the Indian held part of Jammu and Kashmir. 1,269,420 kms.

CURRENCY.

Rs. 1 = DM 0.25

100 paisa ( Singular, Paise) =1 Indian Rupee.

Coins . 1,2,5,10, 20, 50 and 100 Rupees.

Exchange rates ( November 1980) 1 £ sterling = 18.50 Rupees,

U.S. \$ 1= 19.80 Paise.

100 Indian Rupees = L 5.405= \$ 11.20

TABLE 3.10

COST OF LIVING :		1972	1973	1974	1975	1976	1977	1978
FOOD		108.0	131.0	171.0	178.5	156.0	171.5	173.0
FUEL AND LIGHT		115.0	126.0	170.1	187.4	195.2	201.2	215.0
CLOTHING		122.0	140.9	189.3	198.7	198.7	217.0	234.0
RENT		104.5	109.1	113.6	122.7	129.5	137.1	143.0
All Items.		109.8	128.3	165.2	174.3	160.9	174.5	178.8

Source. Europe 1980-81



INDIAN ECONOMY ( Contd.)

The lights on the economic land scaps were turned as ~~were~~ one by one last year, thanks mainly to the magnaninity of the weather good. The lavish down pours in 1980/81 soon had the fields seveying lusa and green economic paraments all around raeed- ahead - agriculture production. Industrial production in 1981 is estimated to haverisen by over 10 percent. The infrastructure bounded leack with a long power genra- tion was up by more than 12 percent. Coal production rose so fast that the "1981/ 82 ~~target~~ of 121 million tonnes revised upwards to 124 million tonnes, and even this could be exeeded . The steel target was too revised upwards in mid year. " Nowto see the detail the relatedeconomic indicators can be learch up for further inform- ation - Agricultural production + 19% industrial ~~production~~ +4.1% GNP ( real ) + 65%. Moreover in 1980-81 the over all growth mainly steamed from the sizable increase in agricultural production, the growth in 1980- 81 is largely contributed by a market increase in industrial output which to vital for the over all strength of the economy. There is apparently have improvement in the foreign trade position, due both to a decline in imports and rise in exports." 24

At mid year the upswing has lost net of its mementum, rather a brighter infra shuetual scene ( paver genration + 14.3%, coal production +10%, Ignol steel + 18.5%. Railways ~~revenue~~ revenue earning freight + 15.8%)\*, illunines the entire ~~stup~~ setup. Added to this is theincome tax relief provided under the aegis of 1981/82 budget in various degrees to 1.2 million tax payers in the income bracket Rs.15000-Rs. 30,000 p.a. and total tax relief to 1.4 million personally.

\*\*\*\*\*

\*\* Figures based in a mid year review of the Ministry of Finance.

TABLE:-- 3.II

NATIONAL PRODUCT	1979/80	1978/79	1970/71
*****			
Net National Product at factor cost (Rs Crores)			
----at current prices	90,173	81,228	34,235
-----at 70-71	44,328	46,636	34,235
Per Capita Income Net National product (Rs)			
---at current prices	1,379	1,267	632.8
---at 1970-71	678	728	632.8
Domestic Capital formation (% of domestic product)			
-----gross	21.2	23.7	17.8
-----Net	16.6	19.0	13.8
Domestic Saving (% of domestic product)		-21.2	
-----gross	21.2	23.9	16.8
-----Net	16.1	19.2	12.8

Source:-- Indo German Economic Cooperation, 1981.

#### AGRICULTURE PRODUCTION :---

While the production of foodgrains in 1981-82 is likely to be much below the target, due mainly to set back in kharif, the outlook for the cash crops appears fairly satisfactory. The sharp decline in agriculture production in 1979-80 and not so impressive recovery in 1980-81 has shown that Indian agriculture still depends heavily on monsoon despite some improvement in irrigation, continued increase in fertilisers use, and the introduction of mechanised farming in large areas.

INDUSTRY:

Index of industrial production which started picking up in the latter half of 1980, maintained its uptrend in 1981. In January - October, 1981 the average index of industrial production was 9.5% higher than in January - October, 1980. This seemingly high rate of growth includes the recovery of ground lost earlier the production in January - October, 1980 had declined by 0.7% compared to the corresponding period 1979. The production in January - October, 1981 when compared to January - October, 1979 shows an improvement of 8.7% in two years time i.e. just a little over 4% per annum. More detail can be had from the table below:

TABLE : 3.12

INDUSTRY	UNIT	1981-82	1980-81	1979-80	1978-79
Cotton Cloth	Mn.Metres	2441.3	4180.0	4085.0	4314.0
Cotton Yarn	Mn.Kgs	748.1	1281.0	1217.0	1268.0
Jute Manufacturer	Th.Tonnes	787.4	1387.0	1335.0	1046.0
Sugar	-do-	643.0	4917.0	4779.0	6529.0
Coal	-do-	67950.0	118791.0	106830.0	105404.0
Saleable Steel	-do-	3976.0	6293.0	6039.0	6591.0
Cement	-do-	11846.0	18426.0	17559.0	19323.0
Aluminium	-do-	121.9	199.1	191.9	213.7
Nitrogenous fertilizers	-do-	1723.2	2164.0	224.0	2170.0
Phosphatic fertilizers	-do-	527.6	840.0	749.0	770.0
Electricity generated	Mn.Kwt.	70942.0	111506.0	105528.0	103328.0

SOURCE : Europa. Vol. Second. 1981.

After taking the view of the Industrial growth, the question arises of country's monetary and credit development. But in this exclusive study I do not suppose to induce it. Because the study is exclusively dependent upon trade, so reach the decision to slightly depth look to the India's Balance of Payments and Imports and Exports performance. So now I am including the current balance of payment condition of Indians Economy.

#### BALANCE OF PAYMENT.

"India's foreign exchange reserves which had declined by Rs. 5,1637 crores at the end March 1980. to 4,8221 crores at the end March 1981, continued to decline in the current financial year. On October 31, 1981 the reserves stood at ~~the~~ Rs. 3,654.9 crores showing a decline of Rs. 1,167.2 crores in the first seven month of 1981-82<sup>25</sup>. On current average the magnitude of reserves is close to half of the country's foreign trade gap. For meeting the gap requirements India has borrowed 5 billion dollars from IMF. It is the largest single amount borrowed by India but what really matters is the overall debt burden and the country's capacity to pay it back and not the magnitude of any particular loan. It is as large India's foreign trade deficit in 1980-81 a about 3% of India's national income is hardly two third of the quantum of foreign and visualised in the sixth plan. The most important part of the borrowing body is to how effectively this loan is utilised to up the country's export capacity.

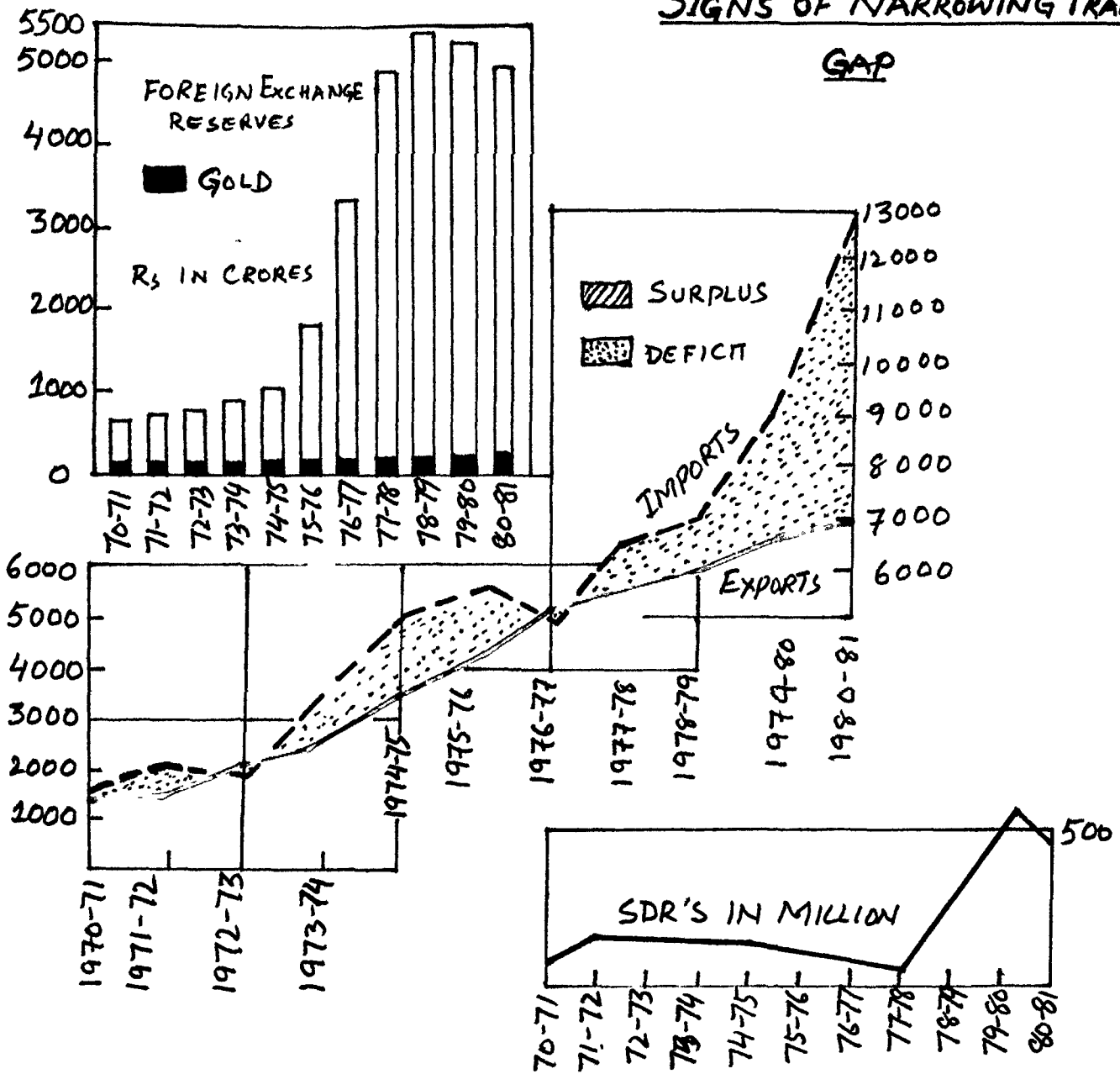
There are never the less reasons to believe that the overall deficit this year will be lower than last year's due mainly to--

~~1- An important~~

1- An improvement in the country's exports emanating from sustained growth in Industrial Output.

# SIGNS OF NARROWING TRADE

GAP



2- Reduction in the Imports of Petroleum Crude and product as a result of increased indigenous production. and,

3- A marginal decline in the international prices of Petroleum crude. According to the cumulative data, however the trade deficit of Rs. 2,923.3 crores in April. October 1982 is lower than Rs. 3,323.4 crores in April October 1981. Since exports are generally higher in the second half of the year it can be expected that the overall deficit in 1981-82 will not be higher than the revised foreign trade deficit of Rs. 5,626 crores in 1980-81, In all likelihood it will be lower than the initially expected deficit of Rs. 6000 crores due more to the decline in imports than to rise in exports.

#### FOREIGN TRADE:-

##### IMPORTS.

Imports in April October 1981 compared to the corresponding period of 1980 declined by 4.2% as against increase in 1980-81 was mainly the result of the growing cost of imports Petroleum crude and products fertilizers and vegetable oils. This year though the imports of vegetable oils are continuing at the last year level, there has been a notable decline in Petroleum crude and products due to the resumption of oil production in Assam and Substantial increase in production from other indigenous sources. In addition, decline in the spot market crude prices as against the steep increase in preceding years helped in keeping the overall import bill low. This again would have been larger but for the fact that the international oil prices are linked to the US dollar for which the value in terms of the rupee has been increasing. Imports of edible oils steel cements coking coal etc are also quite substantial and are not likely to decline in the near future.

## INDIAN ECONOMY

The new import policy announced in November 1981 which I have already included in this chapter in the beginning, which concentrates on imports of spare components, raw materials etc., easier mainly for siding the production of exportable goods. This may well be the beginning of import liberalisation visualised under the IMF loan conditions. The unpaid of such liberalisation on country's import will, however, be felt more markedly as the newly set up 100% export oriented units go into operation

### INDIA'S FOREIGN TRADE IN 1980-81

TABLE : 3.13

	<u>OCTOBER</u>		<u>APRIL - OCTOBER</u>		
	<u>1981</u> (Provisional)	<u>1980</u> (Revised)	<u>1981</u> (Provi- sional)	<u>1980</u> (Re- vised)	<u>%</u> Change
Exports(+)	483.3	575.6	3,959.9	3,864.0	+ 2.5
Imports(-)	799.7	860.6	6,883.2	7,187.4	- 4.2
BALANCE:	(-)316.4	(-)285.0	(-)2,923.3	(-)3,323.4	

SOURCE: Ministry of Commerce, Government of India - Annual Report.

EXPORT: "Exports in April October 1981, according to the provisional estimates, totalled Rs.3,959.9 crores compared to Rs.3,864.0



crores in April - October, 1980 showing 2.5% increase in seven months period against the target of about 26% increase in the current year. In October 1981, the export totalled Rs. ~~485.5~~ 485.5 crores while are 16% lower than the revised exports of Rs. 575.6 crores in October 1980, but 34.7% higher than the provisional exports of Rs. 358.8 crores in that month".<sup>26</sup> This increase, however, cannot be taken for granted.

PRINCIPAL TRADING PARTNERS OF INDIAN EXTERNAL TRADES

(Million Rupees)

IMPORTS c.i.f.	1977/78	1978/79	EXPORTS f.o.b.	1977/78	1978/79
Australia	726	916	826	880	
Belgium	1532	1564	2022	2327	
Canada	1812	2407	448	487	
Czechoslovakia	291	308	521	372	
Egypt	140	141	717	595	
France	1585	2252	1460	1776	
German Democratic Rep.	339	307	341	355	
Germany Federal Republic	5548	6263	2440	2734	
Hond Kong	73	140	858	1049	
Indonesia	237	125	-	-	
Iraq	3311	5832	-	-	
Iran	5435	3485	858	1049	
Italy	870	1212	1166	925	
Japan	4274	5644	1005	1379	
Kuwait	687	1036	1127	1200	
Malaysia	2210	2397	335	448	
Nepal	198	138	-	-	
Natherlands	821	1578	1370	1812	
Poland	589	435	660	648	
Singapore	510	871	690	782	
Sudan	527	173	356	445	
Switzerland	676	740	533	834	
Saudi Arabia	2418	1990	1235	1331	
U.A.E.	886	1029	1420	1350	
U.S.A.	7559	4689	6751	7685	
U.S.S.R.	4464	7592	6567	4117	
United Kingdom	4611	5658	5244	5280	
Yugoslavia	265	160	634	492	
			Sweden	223	240

SOURCE: Ministry of Commerce Reports For 79/80

Due to unavailability of data of 1980 could't brought here the whole export- import performance.

Provisional exports in the first seven month April-October, 1981 were 14% higher than the provisional exports in April-October, 1980. This rate of increase may be somewhat different in the remaining five months of the year 1981-82, because in 1980-81 exports were low during the first half and picked up notably only in the latter half of the year. It appears, therefore, that the exports may increase at best by 15% in 1981-82 and thus the target of Rs.8,400 crores would be much too difficult to achieve.

#### REMITTANCES:

Inward remittances of foreign exchange from Indian migrants abroad, mostly those in west Asia, have been an important source of strength to the country's economy in the wake of widening deficit on foreign trade account. But for there, India's foreign exchange reserves would have deflected much faster and, in all likelihood, showed a negative balance by now.

The inflow of these remittances is likely to be of order of Rs.4,500 crores in 1981-82, having nearly doubled in the last three years. It is however, smaller than the country's current trade gap. It would also not be appropriate to expect this source to keep growing and singularly fill with widening trade gap. As a short term measure, however efforts can be made to attract increasing remittances to check the country's declining reserves.

There are indications that a good part of these migrants saving is going to other countries where rates of interest are more attractive than in India and that a good amount of such remittances find way into Indian Economy through illegal transactions, while there are already some incentives for attractive foreign exchange remittances, their scope can be widened by offering more attractive terms, such as inflow indexed returns, concessional treatment of income derived in the form of remittances for the purpose of income tax, higher interest on buyer term time deposits in Foreign Exchange.

### S U M M I N G U P

The overall state of the economy appears satisfactory due largely to the continued growth of Industrial output and expectation of a decline with country's foreign trade gap. So after taking the overall review of in nutshell it can be seen from table 3.17, which shows the comparison as well as annual growth rates of overall economic activities.

TABLE : 3.15

	1980/81	1978/79	1979/80	1980/81
		ANNUAL GROWTH RATE (%)		
GNP at Current Prices (Rs. billion)	1162.2	+ 7.4	+ 8.5	+ 25.1
GNP at 1970/71 (Rs. billion)	504.9	+ 5.9	- 4.5	+ 6.5
Agriculture Production Index (1969/70=100)	138.6	+ 3.4	- 15.5	+ 19.0
Industrial Production index (1970=100)	154.2	+ 7.6	- 1.4	+ 4.1
Man-day Cost (Million)	12.9	+ 11.8	+ 54.6	- 70.6
	(1980)	(1978)	(1979)	(1980)
Unemployed Registered (mill.)	16.2	+ 16.5	+ 12.6	+ 13.3
	(1980)	(1978)	(1979)	(1980)
Consumer Price Index (1960=100)	417.6	+ 2.2	+ 8.8	+ 16.0
Private consumption (billion)	777.3	+ 4.9	+ 12.6	+ 8.8
Gross Investment (Rs. billion)	182.5	+ 28.5	+ 4.6	+ 6.8
Export (Rs. billion)	66.8	+ 59	+ 12.2	+ 3.9
Import (-do-)	122.1	+ 13.2	+ 27.5	+ 40.6
Foreign Exch. Reserves (Rs. bill.)	46.3	+ 16.0	- 1.1	- 10.4
Foreign Aid Utilised (-do)	23.4	- 1.9	+ 9.2	+ 69.4

### INDO-GERMAN TRADE

Indian imports from Germany rose by 6.8% during 1980 to DM 1.372 billion, while exports to Germany increased by 13.2% to DM 1.135 billion, thereby reducing the trade imbalance by another 16%.

This steady uptrend in Indo-German trade continued in 1980. The total trade volume amounted to ~~DM~~ 2.507 billion, thereof ~~DM~~ 1.135 billion consisting of exports to Germany and DM 1.372 billion of imports from Germany. (At mid/1981 however with Germany's improved competitiveness on world market, the growth rate of India's import from FRG jumped to 46.2%." <sup>27</sup>

The expansion persisted during the first half of 1981, through this time, imports from Germany set the pace, their rate of growth accelerating to 46.2% over imports during the same period in the previous year. Exports to Germany rose by +15.3% amounting to DM 702.6 million as against imports from Germany worth DM 986.7 million.

"The export growth rate in 1980 was to some extent sustained by the increase in the export of main items in particular, like raw silk and silk fibres, machinery for the food industry, flour mill products, pencils and chemical office requisites, rice and spinning waste achieved exceptionally high growth rates similarly on the import side, items like flax, hemp and jute, food stuffs of

plant origin (excluding cereals, pulses, fruits, vegetable and fruit preserves, fruit juices and the like oil fruit and seeds, spices, coca and cocoa preparations, vegetable fats and oils, lesen, oil cakes and similar waste products for fodder). sugar, raw gums, shellac and dialuric, ores and metal ash/other than that of manganese, copper, lead, Zinc chrome and nickel ore and dyrites recorded the highest percentage increases".<sup>28</sup> The group of main items, both on the imports as well as on the export front, is marked by sharp contrasts, while some items display above average growth rates -- export of cotton and cotton goods +65.9%, regarding more exports breakup it can be seen from the table 3.16. Import of Iron and Steel sheets and plates +30.3%, imports of chemical and pharmaceutical products +15.6% trade in the case of items like import of electro chemical goods and tea declined, so that minus rates were registered in 1980. Table 3.16 can be seen for the further information.

German exports to India accounted for 0.3% of Germany's total exports in 1980, which its imports from India made up 0.33% of total German imports.

Among India's trading Partners Germany ranked fifth in 1979/80, both with respect to exports as well as imports. Germany absorbed 5.7% of India's total exports during this year and supplied 7.4% of its total imports.

The figures reveal a further decline of the Indo-German trade gap. The export increase rate of more than 13% in the Indo-German trade is a remarkable achievement compared to the negative growth rate of 1.5% in the total Indian export trade, during the first 9 months of 1980.

TABLE : 3.16

% CHANGES 1980 OVER 1979

Indian exports to Germany	+13.2	Indian Imports from Germany	+ 6.8
Total Indian export (first 9 months)	- 1.5	Total Indian imports (first 9 months)	+39.9
Total German imports	+17.0	Total German exports.	+11.0

As in the previous years, the main Indian export item to Germany was Cotton and Cotton goods, and the main Indian item from Germany was machinery.

MAIN INDIAN EXPORT ITEMS TO GERMANY 1980

	1980 (DM million)	% Share in Total Indian Exports to FRG
Cotton and Cotton goods	334.8	29.5
Wool and animal hair and articles thereof, mainly carpets	206.1	18.2
Leather and Leather Goods	137.3	12.1
Precious, Semi-precious Stones, and Pearls	44.7	3.9
Tea	43.8	3.9

MAIN INDIAN IMPORT ITEMS FOR GERMANY 1980

	1980 (DM Million)	
Machinery	426.8	31.3
Chemical and Pharmeceulical Products	243.0	17.7
Iron and Steel Sheets and Plates	187.6	13.7
Electro Technical Goods	93.8	6.8
Vhecles	52.2	3.8

SOURCE : Indo-German Economic Co-Operation

While going through the indepth analysis of Indo-German Trade it is inevitable to include the trade terms of Germany with East Asia. Through which comparative conclusion can be drawn for the Indian export and import potential.

Amongst the East Asian countries, India was able to improve its position as buyer country from the fourth to 3rd. rank As supplier to the German market, however, India only ranked 8th. in 1980, as against 6th. in the previous year. And agains sixth during the first half of the 1981.

GERMAN TRADE WITH EAST ASIA 1980

EXPORT TO EAST ASIA COUNTRIES

	1980	1979	Change over Previous Yr. %
1.Japan	39621.1	41150.8	- 4.5
2.People's Republic of China	2066.7	2734.4	-24.4
3.India	1380.5	1284.8	+ 7.4
4.Singapore	1299.0	1063.5	+22.1
5.Indonesia	1081.6	766.4	+41.1
6.Hong Kong	1075.9	1012.0	+ 6.3
7.Taiwan	1081.6	923.7	+10.3
8.South Korea	348.8	1465.7	-35.3

(Contd.....)



	1980	1979	Change over Previous Yr. %
9. Malaysia	832.4	709.9	+17.3
10. Thailand	661.1	590.5	+12.0
11. Philippines	490.3	464.7	+ 5.5
	14817.0	15166.4	- 2.3
OTHER COUNTRIES:	477.9	608.2	-21.4
TOTAL GERMAN EXPORT:	350400.1	314469.4	+11.4

SOURCE: Indo-German Economy 3/81

TABLE : 3.18

IMPORTS FROM EAST ASIAN COUNTRIES

		1980 (DM Million)	1979	Change Over Previous Yr. (%)
1. Japan	(1)	10434.3	7912.1	+31.9
2. Hong Kong	(2)	3189.7	2676.6	+19.2
3. Taiwan	(3)	2163.0	1608.3	+34.5
4. South Korea	(4)	1818.0	1473.6	+23.4
5. People's Republic of China	(7)	1468.0	975.5	+50.5
6. Malaysia	(5)	1425.1	1213.9	+17.4
7. Singapore	(9)	1189.4	788.9	+50.8
8. India	(6)	1134.6	1002.0	+13.2
9. Thailand	(8)	1105.4	888.1	+24.5
10. Philippine	(11)	740.2	724.8	+ 2.1
11. Indonesia	(10)	703.1	733.2	- 4.1
		25370.8	19997.0	+26.9
OTHER COUNTRIES		758.8	437.8	+60.2
TOTAL GERMAN IMPORTS:		341259.3	292040.1	+16.9

SOURCE : Indo-German Economy.

The ranking based on the 1979 position of market.

"In 1980, as well as in 1979, 14.5% of all Indian exports to Germany have been done via third countries i.e. Indian Goods worth DM 164.13 million (Rs.595.79 million) have not been bought directly from India in 1980, but a third country brought them to resell them to Germany, Regarding Indian imports from Germany, the percentage share of indirect trade was 9.4% in 1980 and 5.5% in 1979. Regarding both imports as well as exports, UK and Switzerland are leading as third countries".<sup>29</sup> This can be judged with the help of the following table.

TABLE : 3.19

	<u>INDIAN</u> Goods to <u>FRG</u>	<u>FRG</u> GOODS TO <u>INDIA</u>		<u>INDIAN</u> GOODS TO <u>FRG</u>	<u>GERMAN</u> GOODS TO INDIA
<u>TOTAL via 3rd.</u> <u>COUNTRIES(Total):</u>	164131	71153	Romania	47	-
<u>OUT OF WHICH</u>			Singapore	23	492
Switzerland	46106	19571	Australia	22	14
U.K.	38488	31759	Pakistan	16	-
Iran	29227	30	Czechoslovakia	15	58
Natherlands	24302	5505	Kuwait	11	-
Belgium-Luxemberg	6188	2969	Hungary	10	69
Italy	3637	391	Panama	6	-
Denmark	3439	497	Japan	6	60
Sweden	3439	563	Taiwan	5	-
France	3032	4864	Colombia	2	-
Hong Kong	1965	138	Syria	1	-
U.A.E.	905	78	Thailand	1	-
Afghanistan	778	-	Greece	-	13
U.S.A.	691	2054	Finland	-	30
Austria	671	730	U.S.S.R.	-	627
Canada	318	9	Algeria	-	145
Bulgaria	149	-	Egypt	-	44
Israel	130	3	Liberia	-	79
Republic of Ireland	125	7	Cyprus	-	17
Malaysia	85	-	North Yemen	-	28
Saudi Arabia	84	30	Nepal	-	39
Norway	75	148	Indonesia	-	3
People's Republic of China	68	-	Philippines	-	22
Spain	64	65	South Koria	-	2

SOURCE: Indo-German Economy.

TABLE : 3.20INDO-GERMAN TRADE 1960 TO 1980(Yearwise Changes)

Y E A R	INDIAN EXPORTS (Changes in %)	INDIAN IMPORTS (Changes in %)
1960	-	- 10.9
1961	+ 20.8	- 6.5
1962	+ 14.6	- 6.4
1963	- 0.7	- 0.9
1964	+ 7.2	+ 7.4
1965	- 10.3	+ 35.1
1966	- 1.9	- 9.3
1967	- 23.1	- 16.3
1968	+ 17.0	- 27.8
1969	+ 10.0	- 13.2
1970	+ 10.0	+ 14.6
1971	- 1.3	+ 12.6
1972	+ 11.0	+ 14.5
1973	+ 19.0	- 6.6
1974	+ 23.2	+ 29.8
1975	+ 15.4	- 3.6
1976	+ 95.3	+ 6.7
1977	+ 4.8	+ 23.7
1978	- 2.8	+ 11.4
1979	+ 31.0	+ 1.1
1980	+ 13.2	+ 6.8

SOURCE:     to Export Germany

### INDO-GERMAN TRADE 1960 AND 1980

Taking into inclusion the overall past performance of Indo-German Trade, it is necessary to look into the trade activities deeply for bringing up clear and informative facts. Though there has been a considerable expansion of Indo-German trade during the last 20 years, its development during this period is marked by sharp fluctuations especially on the import side. The graph of Indian exports to Germany undertakes gently during the first decade while that of imports from Germany shows regular peaks followed by periods of sharp decline.

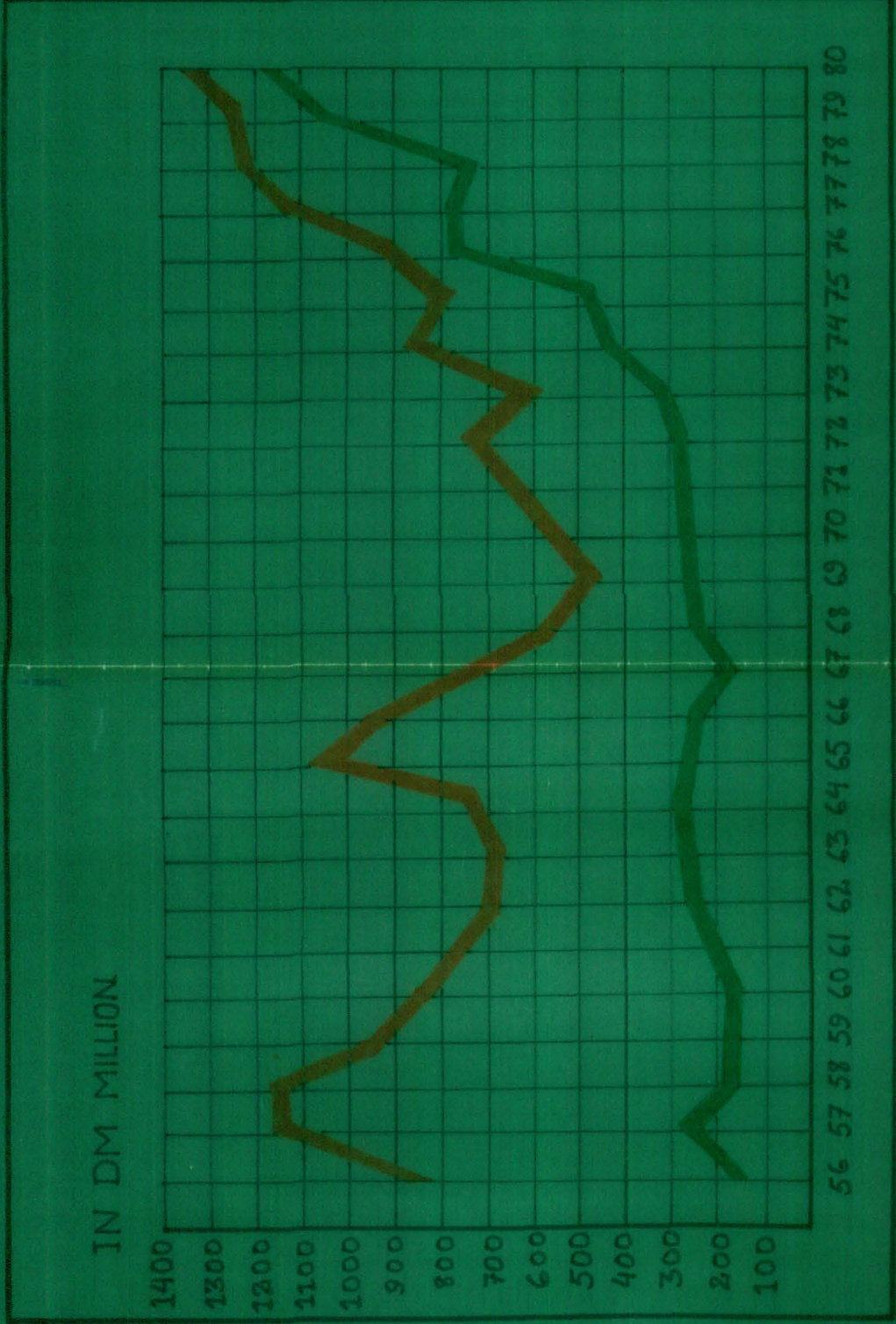
"The trend continues in the following decade until 1978 when the irregularity is transmitted even to exports to FRG. In general, there has been an increase of 515% in Indian Exports to FRG since 1960, while imports from Germany have risen by 65%. The highest and lowest export growth rate were +55% (1976) and 23% (1967) respectively, those in the case of imports from FRG were +35% (1965) and 28% (1968)".<sup>30</sup>

A commodity-wise analysis shows a sharp decline in the export of raw materials to FRG, whose share dropped from 30.3% to 43.1%. On the import side, primary and finished products rose from 2.3% to 43.1%. On the import side, primary and finished products continued to constitute the largest commodity groups through their respective shares appear to be more evenly distributed in 1980.



# INDO-GERMAN TRADE

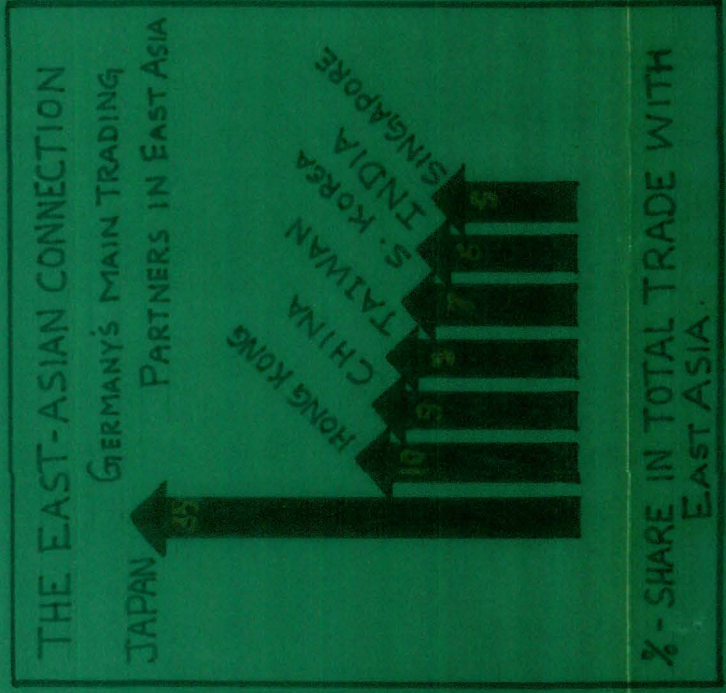
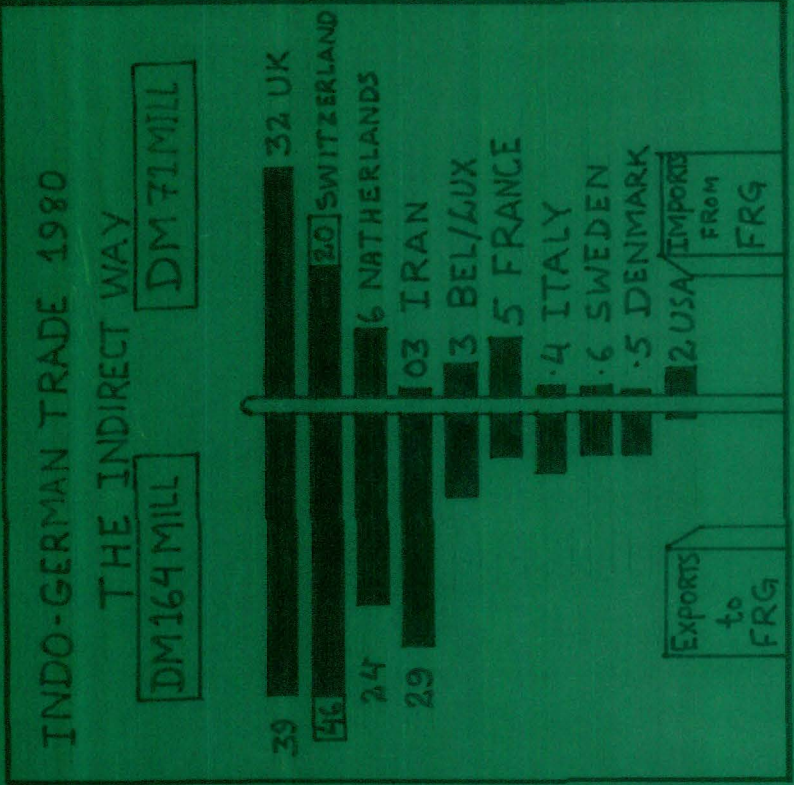
1956-1980



GERMAN EXPORTS TO INDIA

GERMAN IMPORTS FROM INDIA

IN DM MILLION





### INDIA'S FOREIGN TRADE POLICY

(a). IMPORT POLICY: The trend toward liberalisation continues to be characterise Indian import policy regulations during 1981/82. The import of capital goods as well as the scheme for duty free imports for manufacturers/exporters introduced during the previous year, have both been liberalised.

"Under the aegis of the new liberalised policy, the special advantage which FRG as an exporter of capital goods to India enjoys, has been further extended. Even in 1980 of the total FRG exports to India 72% consisted of capital goods".<sup>27</sup>

"The OGL list of capital goods for the year 1981/82 covers 443 items in all (1980/81 : 429). The new items added belong to the branches".<sup>31</sup>

Machinery for the garment/hosiery industry

Cinematographic studio and Laboratory equipment

Machinery for the manufacture of electronic components and equipment.

Fix extinguishing equipment

While the items deleted from the list are from the branches:

Machinery for the Leather garments industry

Printing machinery.

There have been transferred to the list of restricted items and can be imported against import licences.



Further, the import of used capital equipment is now permitted, though this is subject to certain restrictions.

With respect to non-capital goods the OGL list has been expanded to include 18 new items, amongst them wattle extract, acrylic fibre and polyester Filament yarn (partially oriented). The banned list for the year 1981/82 covers 696 items in all (1980/81 : 845), there of 135 (151) consisting of capital goods and 11(12) of items belonging to the Iron Steel Sector. Again, of the total of 696 item, 71(66) are absolutely banned i.e. they cannot be imported even against a full import licence. In general the absolutely banned list covers mainly chemicals and consumer goods -- neither capital goods nor Iron and Steel Items are included. Again the list of items whose import is restricted i.e. not as free as under OGL, nor as restricted as in the case of items whose import is normally banned covers 605 items in 1981/82 (1980/81 : 523). Lastly, the list of canalised items has been expanded to cover 74 items, as against 65 during 1980/81. "The scheme for duty free imports has been liberalised in three respects".<sup>32</sup>

(1). Firstly the importing exporters no longer has to be also the end-user of the imported commodity.

(2). Secondly all registered exporters can now obtain 'advance linence'.

(3). Lastly, the scheme for duty free imports against Replenishment Licences has been extended to raw wool used in the production for export of hand-knotted carpets.

(b). EXPORT POLICY: With the aim of promoting export the Indian export policy in general, "imports very few restriction: 90 items (1980/81 : 89) are placed under export control, the export of another 69(58) is normally not permitted".<sup>33</sup>

Again, of the 90 placed under export control, 83 can be exported freely under OGL, for the balance, export licences will be operated on merits on an adhoc basis. Further, the export of 28 items under export control is canalised. of these, however, the export of 22 items is permitted to individuals under certain conditions, subject to the permission of the State Trading Agency concerned. So the new export and import policy have been liberalised by the Government of India.

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RETROSPECTIVE AND PROSPECTIVE ASSESSMENT  
OF INDO-FRG TRADE

Inevitably, after taking into inclusion all economic determinants, taking into consideration multidimenssional assessment of the situation analysis and observation of prevailing economic, political and trade links in detail for expansion of export to FRG market with promising prospects. As title suggests the objective of the study is to identify target markets for 80's. First in brief I shall observe retrospective achievements, of Indo-FRG trade.

History reminds, the Indo-German relation is marked more by cultural than economic links. We know, Goethe, Shopen hauer, Max Muller and Paul Deussen have admired India and her culture in different modes. But it is also very clear that despite appreciation had been made in past by German Indologist, in the sphere of trade and economic this not had the same case, between these two countries.<sup>34</sup>

Obviously it is clear that post Indepence, India got real momentum in trade and economic relation with FRG.

Between 16th. and 18th. centuries, number of German firms were established in East Asia, where India were major country, but

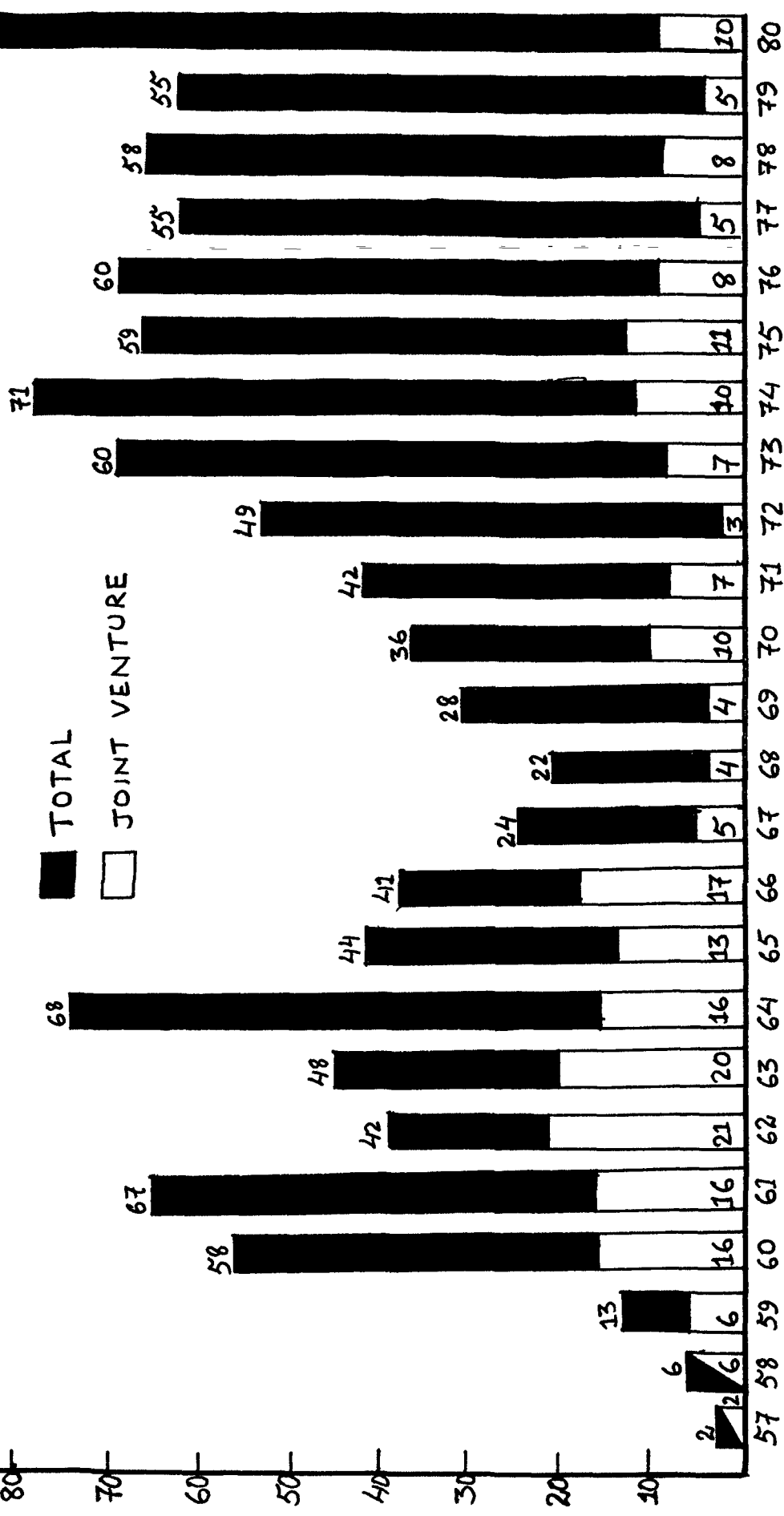
but that we proved totally failure. In 1844 first German trade-setup took place in Calcutta and Bombay, then it followed by years 1867 and 1897, reciprocally consuler offices were started in German cities. And trade started with shipping help between port city Hamburg and FRG. Then 1897 first German firm Sienens laid the telegraph line between Calcutta and London.<sup>35</sup> In 1896, German opened abank branch in Calcutta. And after one century the German imports from India were about 215 marks, while the export India were 60 million marks.

Now we can observe, ~~the last three decades~~ of Indo-~~FRG~~ trade relation for better promotion of trade in future. In the progress of trade between these countries, Indo-German Chamber of Commerce have accelerated trade during this tenure. After independence FRG emerged as a important trading Partner of India. Among East Asian nations India ranks sixth as an exporter and fourth as an importer. (see Table 3.17)<sup>36</sup>. In global terms, after USA the FRG has become the second biggest supplier for India. As the buyer the FRG ranks fifth after the USA, Soviet Union, Great Britain and Japan.<sup>37</sup> (See Table for detail 3.19). In EEC countries Germany is next to UK in trading Partener of India, accounting for 17.4% of India's export to the EC and 4.8% of its exports to other international market. Germany imports to India, accounts for 30.2% of India's total imports from the community and has a share of 9.2% in its global imports. However. India's share in FRG's global trade

# INDO-GERMAN COLLABORATION

1957-1980

(Collaboration agreements sanctioned by the Indian Govt. Per year)



volume is negligible. India ranks 40th. as a supplier with only 0.3% share of FRG imports.<sup>38</sup> India export crossed the billion mark forth first time in 1979 in the history of Indo-German trade relation (detail can be seen from table 3.16). Imports from Germany remained stagnant, the record performance of Indian exporters resultic in a drastic reduction of the trade gap which came down by 44.16% (Product and Commodity wise break up from 1956 to 1980 can be seen from Annexure-1). and Table 3.20 can be seen.

In spite of absence of historical ties as with U.K., quality and delivery schedule problems confronted by the Indian exporter, and restriction placed by communities. Indo-FRG trade is in growing trend.

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### ROLE OF EXPORTS IN INDIAN ECONOMY

The export sector has grown significantly since mid-sixties when the Government adopted a conscious policy of stimulating exports through various assistance measures and other policies. The new policy stipulates clearly that to earn foreign exchange to pay for essential imports. It also ~~propose~~ for shift from traditional primary commodities to value added manufactured products such as engineering goods apparels chemicals etc. Now these sectors have assumed a greater predominance. Infra-structure of export promotion institution such as commodity Councils and Boards have been established to aid the export effort.

In the view of International economists, ~~the~~ developing countries ~~are~~ hadly able to utilize their potential and increase agricultural and industrial production.

"The FRG played a pointal role in drawing up the international strategy for the second Development Decade adopted by the U.N. in 1970<sup>39</sup>. The aims outlined in it are also the guidalines of German development policy, one ofthe major is specified below.

Industrialisation and export promotion as well as further opening of industrialised countries markets for manufactured goods from developing countries.



Let us examine the impact of Indo-German co-operation in the various spheres of economic activity in the country. Figure of Indo-German Collaboration can be seen.

Since 1951 India has been receiving foreign aid for financing its various developmental projects.

German financial assistance to India for 1980-81 amounts to DM 360 million and in 1979-80 DM 360 million repayable within 50 years. On certain terms and conditions. Till 1980-81, India has received a total amount of DM 8.93 billion bilateral aid. From 1952 to the end of June 1980, DM 181.1 million German Private capital has been invested in India. Indian investment in Germany on 30.6 1980 amounted to DM 23.2 million, which being mainly invested in branches cheming, consultancy, engineering, and also in one Indo-German joint venture. In the first half of 1980, as many as 39 new Indo-German collaboration agreements were sanctioned by the Indian Government. "In the first half of 1980, Indian exports to Germany increased by 22.5 percent. Detail in the beginning have mendioned but Indian imports from Germany, on the other hand rose by just 7.4 percent".<sup>40</sup> The main Indian exported item were carpets, Leather and Leather goods, precious and semi-precious stores. These goods showed an export growth rate that was higher than the growth rate of total Indian exports to Germany. The main imported items from Germany were machinery, Chemicals and Pharmaceatical

products, showed the highest growth rate while machinery and vehicles showed negative growth rate. The value of Indian export to Germany in 1979 was 44% higher than that in 1959. The rise in imports during the corresponding period, however has been only 37 percent.

Preliminary results for this year suggests that the Indian Economy is in much better shape as compared to earlier year. However the position in a few pockets such as west Bengal, Punjab, Haryana and Rajasthan is unsatisfactory.

Needless to say, factor endowments of different countries being what they are, collaboration agreements do serve as a means better utilization, and encourage healthy economic environment of the country between trade business being made.

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PROMISING PROSPECTS FOR EXPANSION  
OF EXPORT TO WEST GERMANY

In depth analysis of restrospective and prospective trade view and the Export impact on Indian Economy reveals that there is bright scope for exports of developing countries. Before going into detail of the scope of exports, I shall be ~~feeling~~ to bring the view of the Indian as well as German diplomats, on export and import prospects of both the countries.

The Indian Ambassodor in Bonn, Dr. A.M. Khusro, renounned economist and former Vice-Chancellor of the Aligarh Muslim University stated "that several positive factors had helped to set in motion a dynamic change in the bilateral economic relations which had remained stagnant till mid sixties. Also he revealed that other favourable factors were its reserviour of scientist and Engineers and skilled labour and possession of KNOW-HOW and natural resources. West Germany also held considerable potential for Indian Export with its liberal trade policy".<sup>41</sup> Being as a diplomat he stated, that " over all economic and political development is impressive. Later it too observed, that condition for business co-operation in India were altogather much better than they were reported to be. The West German Economics Minister Dr. Otto Grafhambsdroff, who was as a Chief guest

in the 25th. anniversary celebration by the IGCC at Bombay, acknowledged that "the India has favourable condition to offer for trade and industrial collaboration. Its large population and expanding modern industry presented an interesting market".<sup>42</sup>

The official visit of the Federal German, President, Dr. Karl Carstens in March, 1981 to India again helped to promote understanding in bilateral relations.

Mr. O'tto Wolf Von Amerongen the President of German Association of Industries and Commerce (DIWT) justified that the door for Indo-German Export is widely open for prospective trade relations.

!The economic upsurge which took place in the Federal Republic of Germany after World War II, under the slogan "as little state as possible, as much state as is necessary".<sup>44</sup> First and foremost there is free and unimpeded competition, since only such competition can lastingly increase productivity and further economic progress. To promote foreign trade together with a constant and appropriate economic growth. In the "Social Market Economy" in which German consumer believing, is the attraction for the exporters from developing countries. Another important feature of the FRG market is its relative homogeneity. This applies not only to the population but also to the distribution of income, which is fairly every spread among the people. Furthermore another feature

of the market is its level of saturation. Regarding the population and income group and its distribution I have discussed in detail.

For better export prospects no doubt all the trade promoting institution are working as a accelerator, the growth however has been affected by EEC. The remained obstacles in Indo-EEC has been removed. And EEC new office in New Delhi, has given green signal for Indo-German trade relations besides this community there are various promoting body, these are:

IGCC, GATT(GSP Scheme) UNCTAD, EEPC, DINT. TDA, other Consular Offices in Franburt, Hamburg and etc.

Similarly Federal Agency for Foreign Trade Information in Cologne publishes free of charge requásts for contracts. Yet there is lot of helping body is to cover, I am summarizing my discussion here.

With the 80's having ushered in the prospects of future growth in trade between India and the Federal Republic of Germany are indeed bright. Not only because it is mutually beneficial but also because India has the third largest pool of Scientific and technical manpower. This and the expending industrial base open up new vistas for exports of finished and semi-finished goods with the prospects I am carrying my further exclusive study on Leather travel goods, Carpets and Machine Tools.

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## M A R K E T   A C C E S S .

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The steady uptrend in the Indo German trade continued in 1980-81. To find the suitable market for the products in the German market depends upon the various factors. The healthy and encouraging atmosphere of export to German have attached potential supplier to explore the market according to their products. The market access though is not an easy job, but it is accessible for those who are go-getters in exports. Taking into consideration all the above facts. The market access to Germany includes various important factors. The situation analysis in which Area, Religion, Language spoken, Climate, Agriculture National resources, National currency, National income, Composition of GDP, Industry, Exports, Imports than German Foreign Trade. German in Indo-EEC and Transport and communication facilities have greater effect on the export. So far as market access all above given essential requires attention. Thereafter the vital attraction lies for exports and for German market access in the EEC duty free concession for 1981. Better chances for Indian exports, The 1981 regulations for duty free imports from developing country into EEC mainly aim at ~~supplying~~ simplifying the procedure of the GSP and at observing in a more flexible way the state of development of a respective developing country with the purpose of granting more concession to the least developed countries than to the so called competitive ones. And also Tariff preference for developing countries (German regulation). Detail have been discussed in the chapter Germany In Indo-EEC trade. The above given trade are encouragement for the Indian exports into the EEC ~~market~~ market and particularly to the German market.

Now the question arises How to enter the German Market? To enter into the German market after availing the duty free concessions the exporter have to go further for the better prospects through these steps

## I- Selection Of The Export Products.

It is quite difficult job to select the right export ~~itane~~ items which may find a market in Germany had satisfactory profits. ~~There~~ There are definitely many ways means ben to proceed, but certainly as analysis of the Indian and German Trade statistics can be considered as ~~e~~ one of the most effective ways." <sup>45</sup>

## 2- Market Reports.

Besides analysis Indian and German Trade Statistics the study of the market reports is of the good help to exporters. Market reports contracts on one item, eleborating in detail as the trade pattern dowestic production, consumption , trade channels, customs, tariff concession import regulations and other.

## Fairs Exhibition And Sample Displays.

"An important feature in marketing Germany are such events as fairs, exhibitions and samples displays which are held penoclically." <sup>46</sup>. There three types of events differ considerably with regard to participants and their functions in the marketting process. The participants in fairs aree for the first time part industrial ~~countries~~ companies, both German and Foreign ones, which display their goods chiefly to trade buyers for a few days. Exhibitions in other hands are predominantly intended for the genral public, with enterprises and organisation at various stages of production and distribution being eligista as participants. Sample displays are organisedby commercial agents purchasing organisation and central buying offices which show thelies of the firm represented aselected by them to their retail- trade customers a offilia~~d~~ ated firms for a few days. The genral public not admitted to sample display.



4--Geiee

#### 4- Choice Of Trade Channels.

"The foreign supplier is free to choose which ever trade channel he wishes. There are no Govt. regulations that tie him to specific distribution channels".<sup>47</sup> He can market his commodity via. traditional imoprters, wholesalers, retailers who imports directly buying organisation of co-operatives and retailers, directly importing industrial companies , sale agents ( commercial agents, commission agents ) etc. German import traders mostly specialise in certain products a countries of origin. How ever import functions are also fulfilled by many wholesale merchants also for their part seek to provide retail traders, industrial and handicrafts firms with the goods they need. Many of them are represented in all parts of Germany whilst other confines their activities to certain regions. In consumer goods and export trading is in practice.

#### 5- The Commercial Agents.

The commercial agent as a sales agent is of considerable importance to those Indian exporters and producers who systematically work the German market, who do not want to establish their own branches there. The payment of commission is to them depend according the RBI regulations and certain contract.

#### 6- Commission and Consignment Transaction:--

In the contrast to the commercial agent, who acts in the name and for account of third party, commission agent is a merchant who transacts for third party in his own name, but for third account. A distinction is made between purchase and sale on commission, and for foreign trade between export and import on commission. Since commission agent transacts in his own name, in contrast to the commercial agent,

"In individual cases, it might be useful for the foreign su-

supplier to establish a delivery or consignment warehouses in Germany."48  
 If the commercial agent or the commission agent is ~~es~~ to run the supplier  
 a special consignment warehouse contract has to be concluded in addition  
 to the contract of agency.

#### 7- Finding a Suitable Trade Partner:-- -----

"The Indo-German Chamber of Commerce offers the the following  
 assistance in finding suitable trade partner or agent."49

- 1- Direct contact with German companies through the chambers liaison  
 office in Duesseldorf.
  - 2- Data-bank of German importers who are basically interested in imports  
 from India, maintained in Bombay and Calcutta and Duesseldorf.
  - 3- Publication of export enquiries in the German edition of chambers i-e,  
 Indo- German Economy under the heading of "Business Contact"
  - 4- Publication of export enquiries through various German firms with  
 which chamber is closely connected.
  - 5- Publication of export enquiries through the network of German chambers  
 of commerce and industry (DIHT, BONN).
  - 6- Enquiries of German companies which want to import from India are  
 published in the English edition of chambers "Indo German Economy" under  
 type ; Import and Export collaboration,
  - 7- Assistance in exhibiting potential export goods in German trade fairs
- How to make the offer:--  
 -----

"The better the offer, the better the chances. The interested  
 buyer must be able to compare the offer accurately and quickly with the  
 bids."50 Therefore the offers contains certain clauses which helps in the  
 the offer with reliability.

In addition to above given ways for better market access in FRG it is to include, the essential development which have been occurred in this particular field. Dated 26 March 1982 it have been dissiminated in Indian Express, that "EEC Office in Capital" it means that EEC is going to expand its area in the form of office in India. And it is very clear that the establishment of EEC office in capital is solely for the purpose of facilitating the export prospects of India. The European Economic Community is the largest export market for Indian goods, as we know.

So mentioning above EEC, remains clear, that in this particular approach of market access EEC would work for the same purpose. Detail ■ would be discussed in the chapter of export prospects for India in FRG.

Now in my view this should be linked with other relevant chapter after giving little feasible talks.

Germany is a highly competitive market in view of the fact that there is a strong production which constitute not only brand leaders but also for low priced tools competing in price and quality for the local manufacturers because of the increasing cost of labour input in production recently highlighted by the decision of raising wages by 5%. As a result of this trend some manufacturers have gone to the extent of looking for tie up arrangements for the supply of exportable goods in their own brands from countries like India who have a cost advantage.

Invariably it is required to maintain the export in European market with increasing trend urge collective effort as well as ethical consideration to compete in the same market keeping in view above all given useful steps.

### PRINCIPAL RECOMMENDATIONS

India continues to play a poor role in the world of exports. Between Italy and Honkong - with the exception perhaps, of Singapore - we have the greater technical reserve, including the largest pool of technocrats, and yet our performance in world trade is shocking why ? Some of the reasons as seen subjectively could be ?

1. Our atrocious disregard for quality at a national level though some of our exporters are equal to any other in the world. But that is a poor consolation.
2. We have emphasised for over 25 years import substitution as the key to surging a head economically, and sink our money in technologies which are either already obselete or getting obselete.
3. We have failed to realise since after independence that our economic salvation lay in borrowing and/or spending on technologies which paid dividends at home and abroad.
4. Roots lies in borrowed technology.
5. We sell what we make ( a good part of which is not wanted abroad) and not make what we can sell.

How is it that tiny dots on the world map like Singapore, Hong~~k~~ing, South Korea and Taiwan have become

the ~~hypereconomies~~ of South-East Asia, apart from Japan ?  
 Our share of world exports have come down, despite the commendable expansion of our research base.

6. Are Government regulations coming in the way of an aggressive export led growth ?

Reverting to a considerable absence of quality consciousness, we must admit that our heavily protected Indian market has made the most exporters sluggish in their attention quality. The average Indian taxpayer is the greatest sufferer in the world paying the highest excise duty and taxes and getting in return, some of the worst manufactured products in the world whichever the most backward countries refuse to coat at.

Desperate disease need desperate remedies. The only long term solution, if India really wishes to be an important exporter in the world, is to pull down the silly tariff walls and force the Indian manufacturer (sluggish one, either to come up to International standards or perish. There is no half way house in economies. For getting these sickness off from the business atmosphere. I wish to bring here positive measures to meet export challenge of eighties of the world in general. Inevitably, special emphasis would also be given to the West German market.

If India has to keep pace in the International trade. Then the protectomist policy, tight import policy and industrial policy should be liberalised. Some how 1982-83 Commerce Ministry Reports reveals to do so. The important export promotion measures are:

- i). Exclusion of Production for export for the purpose of "licensed capacity" and dominerie.
- ii). Provision to allow production of new articles for export where there is variation of the article on industrial unit is licensed to manufacture.
- iii). Favourable treatment to advanced and modern technology imports for export production which involve lumpsum payment of royalty.
- iv). Free trade Zone - like treatment to all 100 percent export oriented units (comparative study in this regard can be done with Sri Lanka, South Korea and Taiwan).
- v). To allow automatic expansion of an expanded list of industries for the purpose of increasing production for export.
- vi). Selective relation in restriction imposed on new industrial undertakings in metropolitan cities such units which produce for export.
- vii). Expansion of period of pre-shipment credit at concessional rate of interest from 135 days to 180 days in respect of certain items of engineering and export oriented industries.

- viii). The Exim Bank which is being set up shortly is expected to enlarge the provision of export finance.
- ix). Exporters of engineering goods will be provided their requirements of steel at international prices.

The following measures have been announced in 1981-82 budget to give final support to export promotion, ought to be utilised fully by the exporters they are like:

- a). Fourteen groups of export oriented industries have been brought within the purview of industries to which investment allowances or tax holiday is admissible
- b). Export-oriented industries in the free trade zones have been allowed complete tax holiday for an initial period of five years in lieu of other fiscal concessions.

#### EXPORT STRATEGY:

A high level committee on export strategy for the Eighties, set up by the Ministry of Commerce, in 1981 refers. The export oriented sphere urged its implementation and full utilization for gearing up export.

- i). A strategy of allocation of resources to produce goods which the country can produce relatively cheaply and use the resulting export earnings to import goods in the production of which the country is at a disadvantage economically.



- ii). Involvement of State Government in the export efforts.
- iii). Rationalisation of the structure of protection offered to industry so as to remove the bias from import substitution to export production
- iv). Policies for insulating production for export from domestic constraints particularly in regard to infra-structural deficiencies.
- v). Intensification of research and development activity and enabling exporters to have access to the latest technology for cost reduction and improvement in quality to compete with rivals in foreign market.
- vi). Further simplification of procedures necessary for liberal and duty free access by exporters.

Inspite of the above promotional strategies, the primary objective of the Government should be to enhance the export oriented activities for getting the better export promotion in the world. Particular for FRG market, the few more steps can be summed up with the above mentioned export strategies for future prospects. These useful hints are as follows:

1. To initiate business relations, precise particulars are required, showing the kind of products to be supplied, their quality and price as well as the time of delivery.
2. If good, long standing trade relations are to be built up, the sales policy should not be oriented towards short term high profits.
3. Packaging factor plays vital role in FRG market.
4. The observance of quality and continuity of supply are essential in the creation of long term business connections

The importer, who is responsible to his buyers may well choose alternative sources if the conditions of the contract are broken.

5. After sales service facilities should be provided in the case of technical goods.
6. The EEC offered tariff concessions should be utilised properly.
7. In case of raw materials the trade ought to be done on speculations.
8. To find a good approach to the market may involve a great deal of time and work. It is frequently more important to persuade German traders to introduce the foreign product then to appeal directly to the ultimate consumer. The profit margins should not be sole criterion.
9. Market Research activities should be done frequently for getting new product prospects.
10. Export houses should be given all the facilities like other developed countries export houses are drawing facilities.
11. Advertising and sales promotion is one of the major tool of promoting the sales of goods in foreign market the same:
  - frequent participation in the different commodities trade fairs should be follow.
  - Advertising in foreign journals are necessary.
  - To participate in various programmes and Seminar organised by the FRG.
12. The services of all the Government export councils and institution ought to be utilised like TDA, EEPG LEXPORT and HHEC.
  - The services offered by IGCC is valuable in this field.

Thus for enhancing the export prospects in the FRG in particular and in International export in general should be utilised properly all the above mentioned strategies for this purpose. The eithties are having better prospects for Indian position in the International trade. Besides these principal recommendations I have also given promotional strategies with my particular goods studies. That can also be treated as a recommendation for the particular products prospects in FRG market.

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## CHAPTER-IV

### INTRODUCTION

#### GROWING MARKET FOR ORIENTAL CARPETS

In the last two decades it has been witnessed the growing trend of the carpet industry in FRG. In the mid seventies carpet proves to be an essential household textile, not only that the flooring of more than 1 billion m<sup>2</sup> in households offices and hotels was carpeted. "In 1976 Germany became first among West European countries in the per capita consumption of carpets with 3.4 m<sup>2</sup> as its per capita consumption. The volume of turnover rose from DM 965 million in 1966 to DM 2,193 million in 1973. But since 1973 production in the carpet industry as in other branches of the household textile industry has shown a downward trend. The total turnover dropped to DM 2,070 million in 1979." <sup>74</sup> So the production can be measured from the above data, and it is in declining stage. Then FRG started importing the carpets from other countries like Belgium/Luxemburg, Iran, India and the Notherlands, which is still in increasing trend, this shows that there is attractive market prospects for carpets. The FRG import of carpet is nearly 50% of total consumption of carpet in her market. "In 1979, India was the second largest supplier of knotted carpets (also known as oriental carpets) whose average price increased from DM 141.89 m<sup>2</sup> to DM 233.81 m<sup>2</sup> between 1974 and 1979. India supplied 13.3% of the total imports of knotted carpets in 1979, which amounted to DM 186.7 million" <sup>75</sup> However India faces competition strongly from other countries like Iran, Pakistan,

China, Morocco. But on the other hand, demand for this luxury item continues to rise in FRG. So that there is considerable room expansion of business and for newcomers in this field.

#### GERMANY AS THE BIGGEST IMPORTER OF CARPETS

Carpet manufacture is one of the few fields with only a very limited relationship of competition between the developing countries and the industrialized countries. This cannot only be attributed to the considerable difference in quality existing between the hand woven products from classical countries, where the carpet weaving art has been preserved and the machine made products of the industrialized countries, but also to the different motivation of the buyers. While the machine made carpet material from the industrialized countries mainly serves for the basic equipment of the households. An oriental carpets are indeed more than mere consumer goods. An oriental carpet as a rule, is purchased as a supplement and piece of decoration, with the variety of in the available sizes being the additional marketing factor. Additional groups of buyers enlisted in the line with the growth of real incomes and a desire for a rising level of home culture.

So this is one of the major reason for the expansion of market in FRG of the carpets. "The imports of hand-woven carpets and rugs during the period 1969 to 1979 has almost quadrupled in doubling its sales, although the wall to wall carpeting has been especially expensive during that period of time, with a sales volume of roughly DM 2100 of

the domestic German carpet industry, out of which, about DM 1600 mill. apply to the domestic market, and imports of carpets and rugs of a value of nearly DM 2400 mill., the market share of genuine hand-woven carpets and rugs amounted to approximately 30% at the wholesale price in 1979, at a rough estimate (1969:20%).<sup>76</sup>

We know that with share of nearly 50% in the world imports of hand-woven carpets and rugs the FRG is by far the leading importer of carpets on a world wide level. "It is followed by U.S.A.(9% ), U.K. (8%), Switzerland (6%), Holland (5%), France (barely 5%) and Belgium (over 4%)."<sup>77</sup> So it can be appraised that the percapita purchases within the smaller countries are hardly lower than those in the FRG. The importance of the FRG for the world market for carpets is underlined by the fact that the Hamburg is the largest international transshipment point for oriental carpets and rugs. So on the basis of this we can say that, within the industrialized countries, the rising trend of demand for genuine oriental carpets and rugs will probably persist, same as the trends would be, towards highest quality. At the most I can say that for India it is a sort of opportunity uptill the consumers' demand is there for carpets.

#### PROFILE OF THE GERMAN MARKET FOR CARPETS

Carpet manufacturing that comes under the household textile industry. In this section the carpet manufacturing declared as the leader for the production as well as consumption point of view i.e. 54.2% in 1978, 54.5% in 1979.

The last two decades has witnessed tremendous growth and consumption in this sector. Among the European countries after 1975 FRG emerged as a leader in the per capita consumption. The clear picture can be made out by this given figure.

“The volume of turnover rose from DM 965 million in 1966 to DM 2,193 million in 1973 and the share of the carpets in the total turnover of the household textile industry reached a peak of 59.6% (knotted carpets excluded in 1972).”<sup>78</sup>

But soon after 1973, production in carpet industry, as in all other branches of the household textile industry, is showing a downward trend. The total turnover dropped to DM 2,070 million in 1979 and the share of carpets in the total turnover of the household textile industry to 54.5. “At the same time, German imports of carpets are continuously on the increase from DM 696.1 million in 1971 to DM 1,1027 million in 1979, that of knotted carpets above from DM 538.6 million to DM 1,305.7 million. The share of imports in the total market supply increased from 42.9% to 60.8%.”<sup>79</sup>

The main supplier countries are Belgium/Luxemburg, Iran, India and the Notherlands. Now we can judge the Indian position in the FRG market.

In 1979 India was the second largest supplier of knotted carpets (also known as oriental carpets) whose average price increased from DM 141.89 m<sup>2</sup> to DM 233.81 m<sup>2</sup> between 1974 and 1979, which amounted

to DM 186.7 million.

The competitors present in that market are Iran, Pakistan, Peoples Republic of China. They are the countries who are strong competitors of India. But the main factor is increasing demand and it would be maintained in near future too.

#### TYPES OF CARPETS PRODUCED AND SOLD IN FRG

There are about four types of major carpets which are being sold and demanded in the FRG market. They are

(i). WOVEN CARPETS: These may be made from wool, animal hair, cellulose fibre, synthetic thread, synthetic fibre, sisal and coir. For this particular carpet, domestic production were 16.5% and 53% were imported. Belgium/Luxemburg was the largest supplier of this type.

(ii). TUFTED CARPETS: These may be made from wool, cellulose fibre, synthetic thread and synthetic fibre. They made up 70.6% of the total carpet production in 1979. 38% was imported. Supplier leader was Belgium/Luxemburg.

(iii). NEEDLE-FELT CARPETS: These are made mainly from synthetic material. In 1979, they made up 11.5% of the total carpets. Denmark exported as a major supplier 18.7%.



(iv). KNOTTED CARPETS: This variety are almost imported from countries are Iran, India, Pakistan and Morrocco.

(v). OTHER VARIETIES: These made up 1.3% of the total carpet production in 1979. The main importers countries are the Natherlands, U.K., Israel and Iran.

### S U P P L Y P O S I T I O N

#### 1. DOMESTIC PRODUCTION:

(a). Size of the Industry: From the below given data, the conclusion can be drawn that FRG is not producing that much, which would meet her own consumption.

“Carpet production in FRG for the year 1979 was DM 2070 million but a decrease of 1.0% as compared to the 1978 production of DM 2091 million.”<sup>81</sup>

The development of carpet production in FRG between 1971 and 1979 is shown from table 4.1. The development of carpet production in FRG quantity wise during 1970, 1978 and 1979 is given.

In 1978 there were 62 carpet manufacturing firms in FRG employing more than 20 persons. The average annual turnover was DM 33.7 million. The total number of persons employed in the household textile Industry. For further detail it can be seen from table 4.3 and table 4.4.

(b). Leading Manufacturers: As we have discussed domestic production. Afterwards it is engisaged that about ten leading manufacturers of carpets can be highlighted so that it can help in the study

TABLE-4.1

## Carpet Production in Germany

1971-1979

Year	Total DM mill.	% change	Woven DM mill.	% change	Tufted DM mill.	% change	Needle-felt DM mill.	% change	Other DM mill.	% change
1971	1 919	+ 20.0	456	- 0.4	1 087	+ 36.4	356	+ 8.7	20	+ 26.0
1972	2 083	+ 8.5	445	- 2.5	1 300	+ 19.6	338	- 5.0	-	-
1973	2 193	+ 5.3	422	- 5.2	1 434	+ 10.3	305	- 9.8	32	-
1974	2 157	- 1.7	348	- 17.7	1 549	+ 8.0	228	- 25.2	32	+ 0.3
1975	1 993	- 7.6	312	- 10.2	1 465	- 5.4	185	- 19.0	31	- 4.9
1976	2 022	+ 1.5	330	+ 5.8	1 462	- 0.2	202	+ 9.4	28	- 10.5
1977	2 131	+ 5.4	342	+ 3.5	1 524	+ 4.2	241	+ 19.2	24	- 9.8
1978	2 091	- 1.9	353	+ 3.3	1 479	- 2.9	231	- 3.9	28	+ 10.8
1979	2 070	- 1.0	342		1 461	- 1.2	238	+ 2.8	29	+ 6.6

Source:- IGCC MARKET REPORTS "CARPETS"

TABLE-4.2.

## Carpet Production in Germany (Quantitywise)

Type	1970			1978			1979		
	1 000 m2	%	1 000 m2	1 000 m2	%	% change over 1977	1000 m2	%	% change over 1978
Woven carpets	17 748	100.0	8 886	100.0		- 1.9	8 761	100.0	- 1.4
of: wool	4 692	26.4	2 136	24.0		+ 5.5	1 992	22.7	- 6.7
animal hair	691	3.9	-	-		-	-	-	-
cellulose fibre	4 522	25.5	343	3.9		- 10.4	-	-	-
synthetic fibre	4 423	24.9	3 697	41.6		+ 3.1	2 190	25.0	+ 2.4
synthetic thread)			2 243	25.2		- 1.7	3 685	42.1	- 0.3
sisal and coir	2 632	14.9	424	4.8		- 1.8	527	6.0	+ 24.3
other materials	788	4.4	43	0.5		- 24.6	367	4.2	- 4.9
Tufted carpets	57 291	100.0	120 720	100.0		- 3.2	117 472	100.0	- 2.7
of: wool	745	1.3	1 742	1.4		- 13.2	1 791	1.5	+ 2.8
cellulose fibre	3 262	5.7	-	-		-	-	-	-
synthetic thread	29 742	51.9	58 850	48.7		- 11.4	51 412	43.8	- 12.6
synthetic fibre	23 542	41.1	55 234	45.8		+ 8.1	59 152	50.4	+ 7.1
other material	-	-	4 894	4.1		- 6.2	5 117	4.3	+ 4.6
Needle-felt	37 767	100.0	31 339	100.0		- 7.3	30 626	-	- 2.3
of: synthetic material	37 767	100.0	31 339	100.0		- 7.3	-	-	-
Other	1 017	-	1 329	-		+ 9.0	1 394	-	+ 4.9
T O T A L	113 823	-	162 274	-		- 3.9	158 253	-	- 2.5

Source:- IGCC MARKET REPORTS "CARPETS".

TABLE-4.3

Number and Size of Firms in the Carpet Industry\*  
1971-1978

Year	Number of firms	Total number of employees	Average number of employees
1971	67	17 490	261
1972	70	17 847	255
1973	72	18 319	254
1974	72	16 287	226
1975	66	14 335	217
1976	71	14 643	206
1977	63	14 370	228
1978	62	14 468	233

\* upto end of September.

The machine inventory for woven, tufted and needle-felt carpets between 1971 and 1979 is shown below (knotted carpets excluded).

TABLE-4.4

Machine Inventory\*  
1971-1979

Year	Total	Weaving machines Automatic	%	Tufting machines	Needle-felt machines
1971	1 304	347	26.6	275	63
1972	1 217	362	29.7	290	84
1973	1 055	308	29.2	332	100
1974	1 037	282	27.2	349	84
1975	969	291	30.0	386	80
1976	878	308	35.1	413	98
1977	957	302	31.6	434	90
1978	859	315	36.7	443	94
1979	774	249	32.3	462	105

\* upto end of September.

Source:- IGCC MARKET REPORTS "CARPETS".

for drawing important conclusion.

By the end of 1978 there were 16 leading manufacturers companies, employing more than 1,000 persons. This accounted 25.8% of the total number of carpet manufacturing firm and employed 13.9% of the total number of persons employed in the carpet industry. Carpet manufacturers, they claim themselves traditionally among textile manufacturers. They are three in numbers in 1976 having production in DM million viz - 193, 185 and 163. It is important to note that these three firms produce more of synthetic carpeting material rather than carpets.

#### GERMAN FOREIGN TRADE OF CARPETS

##### (a). VOLUME OF IMPORTS:

For entering into the German market one has to consider the volume of imports, in detail. Carpet imports in FRG for the year 1979 was DM 1,102.7 million (knotted carpets excluded). This was an increase of 9.0% over the 1978 imports of DM 1,011.5 million. The highest share was that of lifted carpets, whose imports in 1979 amounted to DM 702.6 million in 1978. Mere can be observed from the table 4.5. The imports of knotted carpets also amounted to DM 1,305.7 million in 1979. This was an increase of 142.4% over 1971 imports of DM 1,098.5 million. On the whole FRG maintained her position as the largest importer of knotted carpets with world alone between 1971-1979. The detail can fetch from the table 4.6.

TABLE - 4.5

German Imports of Carpets (knotted carpets excluded)  
(in DM million)

Year	Woven		Tufted		Needle-felt		Total	
	DM mill.	% change	DM mill.	% change	DM mill.	% change	DM mill.	% change
1971	380.3	+ 15.8	236.2	+ 58.4	55.1	+ 9.9	696.1	+ 26.1
1972	399.7	+ 5.1	266.1	+ 12.7	62.0	+ 12.5	756.7	+ 8.7
1973	327.0	- 18.2	324.5	+ 22.0	58.6	- 5.3	742.7	- 1.8
1974	316.5	- 3.2	390.2	+ 20.2	46.1	- 21.3	796.5	+ 7.2
1975	315.0	- 0.4	393.4	+ 0.8	34.3	- 25.7	772.5	- 3.0
1976	304.0	- 3.5	487.8	+ 24.0	35.5	+ 3.3	858.2	+ 11.1
1977	297.9	- 2.0	591.6	+ 21.3	33.8	- 4.5	962.1	+ 12.1
1978	293.4	- 1.5	628.6	+ 6.3	38.4	+ 13.5	1,011.5	+ 5.1
1979	297.6	+ 1.4	702.6	+ 11.8	41.3	+ 7.5	1,102.7	+ 9.0

(in mill. m2)

1971	20.0	+ 13.1	18.4	+ 46.6	7.1	+ 24.2	46.7	+ 25.2
1972	20.9	+ 4.4	21.8	+ 18.7	8.5	+ 18.9	52.9	+ 13.2
1973	17.5	- 16.4	29.9	+ 37.2	8.5	- 0.1	58.0	- 9.7
1974	17.3	- 1.2	37.3	+ 24.5	6.6	- 22.3	64.0	+ 10.3
1975	18.8	+ 9.0	40.1	+ 7.6	44.7	- 28.8	65.9	+ 3.0
1976	18.5	- 1.7	52.2	+ 30.2	5.3	+ 12.4	78.1	+ 18.5
1977	17.8	- 3.8	64.2	+ 22.9	4.3	- 18.7	88.9	+ 13.8
1978	17.0	- 4.5	70.0	+ 9.0	6.0	+ 39.9	96.0	+ 8.0
1979	17.8	+ 4.4	73.7	+ 5.4	6.2	+ 3.9	101.3	+ 5.5

Source:- IGCC MARKET REPORTS 'CARPETS'.

TABLE : 4.6

GERMAN IMPORTS OF KNOTTED CARPETS				
YEAR	QUANTITY		VALUE	
	1000 m <sup>2</sup>	% Change	DM 1000	% Change
1971	4310	+32.4	538587	+42.3
1972	4906	+13.8	608756	+13.0
1973	4770	- 2.8	694178	+14.0
1974	3875	-18.8	549794	-20.8
1975	4375	+12.9	668326	+21.6
1976	4747	+ 8.9	833321	+24.7
1977	4838	+ 1.9	921315	+10.6
1978	5260	+ 8.7	1098547	+19.2
	5584	+ 6.7	1305731	+18.9

SOURCE: Handicrafts and Handloom Export Corporation  
(HHEL)

(b). CONTRIES OF ORIGIN:

contries of origin considered here in German foreign trade is the important factor. It is mainly under two categories:

(i). Countries from where Carpets other than Knotted carpets are Imported: "Imports from these countries amounted to DM 1,061.4 million in 1979 (needle-felt carpets excluded). Then it is further classified as:"<sup>82</sup>

EEC COUNTRIES: These are Belgium/Luxemburg, France, Italy, Denmark, U.K. and Ireland. Imports from these countries amounted to DM 939.8 million in 1979. The largest supplier was Belgium/Luxemburg. Imports from Belgium/Luxemburg amounted to DM 807.8 million in 1979, i.e. 64.7% of the total imports from EEC Countries.

EFTA COUNTRIES: There are Norway, Austria, Portugal, Sweden and Switzerland. Imports from EFTA countries in 1979 amounted to DM 40.2 million. The largest supplier was Austria. Imports from Austria amounted to DM 26.2 million, i.e. 65% of the total imports from EFTA countries.

OTHER COUNTRIES: There are the countries of the Eastern Block, U.S.A. and others. Imports from these countries amounted to 81.4 million in 1979. The development of FRC's carpet imports from these countries during 1978 and 1979 is shown in table 4.7

(ii). Countries from where Knotted Carpets are Imported: Imports from these countries amounted to DM 1098.5 million in 1978 and DM1035.7 million in 1979. The main countries are Iran, India, Pakistan, Morocco, Turkey, Afghanistan, People's Republic of China, Tunisia, Algeria and the U.S.S.R. The country-wise development of FRG's knotted carpets imports during 1977, 1978 and 1979 is shown clearly in Table 4.8 and 4.9. From the tables it can be made out wh~~o~~ wer~~e~~ the leader in the past and being leader at present as exporters among these countries.



TABLE - 4.7German Imports of Carpets (knotted carpets excluded)Countrywise1978-1979

Country	1978			1979		
	DM 1 000	%	% change	DM 1 000	%	% change
<u>EEC countries</u>	867 073	89.1	+ 4.3	939 826	88.5	+ 8.4
Belgium/Luxem- burg	557 290	57.3	+ 5.1	607 771	57.2	+ 9.1
France	19 796	2.0	- 7.4	21 000	2.0	+ 6.1
Italy	21 032	2.2	+ 9.4	18 698	1.7	-11.1
Netherlands	170 164	17.5	+ 6.6	193 848	18.3	+13.9
Denmark	29 425	3.0	+28.5	32 733	3.1	+11.2
UK	68 288	7.0	-11.1	64 571	6.1	- 5.4
Ireland	1 078	0.1	+10.0	1 205	0.1	+11.8
<u>EFTA countries</u>	34 416	3.6	+25.1	40 162	3.8	+16.7
Norway	78	0.0	-	20	0.0	-74.4
Austria	21 286	2.2	+11.0	26 240	2.5	+23.3
Portugal	1 913	0.2	+42.3	2 689	0.3	+40.6
Sweden	1 327	0.2	-10.4	1 190	0.1	-10.3
Switzerland	9 812	1.0	+78.7	10 023	0.9	+ 2.2
<u>Other countries</u>	71 578	7.3	+ 2.6	81 399	7.7	+13.7
Countries of the Eastern Bloc	7 873	0.8	+35.2	9 332	0.9	+18.5
USA	6 202	0.6	+25.1	4 759	0.5	-23.3
Others	57 503	5.9	- 2.5	54 476	5.1	+21.5
<u>T O T A L</u>	<u>973 067</u>	<u>100.0</u>	<u>+ 4.8</u>	<u>106 387</u>	<u>100.0</u>	<u>+ 9.1</u>

Source:- IGCC MARKET REPORTS 'CARPETS'

TABLE-4.8

German Imports of Knotted Carpets  
1977 and 1978

Country	1977		1978		
	DM 1 000	%	DM 1 000	%	% change
Iran	441 658	47.9	541 509	49.3	+ 22.6
Pakistan	103 718	11.3	122 974	11.2	+ 18.6
Morocco	97 047	10.5	105 573	9.6	+ 8.8
India	111 646	12.1	147 841	13.5	+ 32.4
Countries of the Eastern Bloc	47 704	5.2	51 322	4.7	+ 7.6
Turkey	33 865	3.7	38 123	3.5	+ 12.6
People's Republic of China	26 562	2.9	26 773	2.4	+ 0.8
Afghanistan	30 231	3.3	33 687	3.0	+ 11.4
Tunisia	12 046	1.3	15 120	1.4	+ 25.5
Algeria	3 499	0.4	1 880	0.2	- 46.3
Others	13 339	1.4	13 745	1.2	+ 3.0
T O T A L	921 315	100.0	1 098 547	100.0	+ 19.2

TABLE-4.9.

German Imports of Knotted Carpets  
1979

Country	1979		% change
	DM 1 000	%	
Total	1 305 731	100.0	+ 18.8
of which:			
Iran	652 727	50.0	+ 20.5
India	186 690	14.3	+ 26.3
Pakistan	126 395	9.7	+ 2.8
Morocco	119 529	9.2	+ 13.3
USSR	48 361	3.7	-
Turkey	41 255	3.1	+ 8.1
Afghanistan	40 595	3.1	+ 20.5
People's Rep. of China	31 458	2.4	+ 17.5
Tunisia	19 023	1.4	+ 25.4
Algeria	1 189	0.1	- 36.7

Source:- IGCC MARKET REPORTS "CARPETS".

INDIAN CARPET EXPORTED TO FRG

(i). SHARE OF INDIA'S IN FRG IMPORTS OF CARPETS:

Inevitably Germany is the highest importer of carpet. Reciprocally India is the highest exporter of carpet to FRG, and one of the highest producer of Hand knotted carpets too. For getting better market share in FRG Indian exporters have to consider various major factors which effect on the business of carpet. Germany is India's largest buyer of Knotted Carpets, also called "Hand Knotted", "Persian" and "Oriental" made mainly from wool. The detail can be seen from the table 4.10, regarding the distribution of India's exports of Knotted carpets between 1975 and 1978.

TABLE : 4.10

<u>INDIA'S EXPORTS OF CARPETS</u>		<u>(in mill. Rs)</u>	
<u>COUNTRY</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>
Australia	10.0	11.44	11.41
Belgium	9.70	17.90	17.42
Canada	16.70	12.50	14.19
France	2.90	7.19	6.97
Natherlands	6.00	12.79	19.97
Sweden	12.00	21.60	13.10
Switzerland	17.30	45.16	31.21
U.K.	19.80	19.23	38.49
U.S.A.	87.20	118.91	191.72
Germany	197.70	320.18	301.04
Others	38.00	37.26	54.13
	411.30		

SOURCE: Handicraft and Handloom Export Corporation.

Thus India's exports of carpets to FRG increased by 52.3% from Rs.197.70 million in 1975/76 to Rs.301.04 million in 1977/78. So from the above table share of Indian exports of carpet can be analysed and comparative analysis can also be taken.

(ii). CARPET MANUFACTURER IN INDIA:

Carpet manufacture in India is considered Cottage Industry. The main production centres are Kashmir, Agra, Bhadohi, Gopiganj and Mirzapur in U.P., Jaipur in Rajasthan, Amritsar in Punjab, and Warangal and Elura in Andhra Pradesh.

The All India Handicrafts Board looks after the training of additional manpower and regular supply of raw materials and other needs of production. The carpet manufacturing in India is <sup>in</sup> growing trend, and it is due to foreign demand. The main buyers are Germany, U.S.A., U.K., Switzerland and the Natherlands. The domestic market absorbs hardly one tenth of the total outputs, the main consumers being mainly large hotels and office establishments. Among the consumers the Persian designs are very popular. "Persians Carpets" of the best quality are produced mostly in Kashmir. "The number of knots per sq. inch in these carpets varies from 250 to 600, and the price ranges from Rs.60 to Rs.120 per m<sup>2</sup>. The prices are in rising trend on an average by 10% and more per year. "Persian Carpets" are of second quality, are produced mainly in Agra, Amritsar, Jaipur. These carpets have between 140 and 250 knots/sq. inch and are priced lower accordingly.<sup>83</sup>" Carpets of Persian as well as local designs, having 140 knots per sq.inch

or even less are made in Bhadoi, Mirzapur and other centres of U. P. Carpets of cheapest varieties are made in Andhra Pradesh, and there also are found a good market in foreign countries because of their exotic designs and degance.

TABLE : 4.11

PRICE OF ORIENTAL CARPETS PER m <sup>2</sup>				(in DM)
COUNTRY	1970	1974	1975	1976
Turkey	326	756	684	1080
U.S.S.R.	356	562	612	712
Iran	292	496	550	706
People's Republic of China	304	438	418	354
Afghanistan	214	288	332	352
Pakistan	252	258	246	298
India	70	86	112	120

SOURCE: H.H.E.L.

(iii). BETTER EXPORT PROSPECTS FOR INDIAN CARPETS:

This can be judged from the table 4.8 and 4.9 that India is among the giant competitors in the FRG market. The competition from Iran, Pakistan and Morocco in the export of hand knotted carpets to FRG. According to reports, that from 1985 onwards India will face strong competition also from China.

Besides this, India is having bright prospects for carpets in FRG market. Moreover India's prices are lower than those of other countries. This can be seen from table 4.11. The given information enabled India to exceed Iran's export in terms of physical units in 1975. In future, it can be said that India can take lead over Iran in the monopoly of Persian carpets, because of economic disorder and agitational approach in Iran has ruined the economy of the country. Indian officials expect India's total export of knotted carpets to reach Rs.1.5 billion in 1982/83 and Rs.2.0 billion in 1987/88. A programme for training about 20,000 new weavers per year is also being planned. Besides officials also expect a rise in the production of yarn required for the carpet industry.

Further in order to overcoming the difficulties caused by the high price of Indian wool in India and thereby to improve India's position in the export market carpet weavers supported by the wool and woollen export promotion council. Side by side HHEL is demanding an increase in the imports of wool and an abolition of 45% import duty on wool.

(iv). MAIN INDIAN EXPORTER:

The Handicrafts and Handloom Export Corporation (HHEL) is the most important carpet exporter in India. A list of the main manufacturers and exporters of carpet in India is given in Annexure-2.

## C O N S U M P T I O N

The demand for carpets and all other products of the household textile industry depends on demographic and social factors which together determines the size and growth of the market. I have already discussed elaborately in chapter first. So all the above factors may be considered.

### (a). DEMOGRAPHIC FACTORS:

When we look into demographic factors we have to come across size, growth rate and growth rate for specific age groups of the total population. The number of marriages and household founded and number of removals and emigrants annually. Population is expected to be 57.7 million by 1990. However, since the reduction chiefly concerns the youngest age groups rather than the age group of potential buyers - 15 to 30 years. The effect in the demand for carpets and other household textiles products will be negligible. The number of marriages in FRG is in declining trend. However this factor does not influence on the demand of household textile products as in former days. The number of private households in FRG is in increasing trend. New accommodation encourage inhabitants to furnish more fashionably and new distribution of space necessitates new arrangements. The number of removal per year increasing. It is estimated that every fourth household movers house per year.

(b). ECONOMIC FACTOR:

The economic factor of FRG have been discussed at length in the first chapter. In relating to the carpet increasing demand. The general economic growth rate has a direct bearing on the level of housing construction, employment and the pattern of household expenditure versus savings. Housing construction in FRG has grown gradually over the last 15 years. "The total number of dwellings in FRG has grown gradually from 16.1 million in 1960 to 24.1 million in 1977. The number of dwellings built annually grew sharply from 478,000 in 1970 to 714,000 in 1973. The rennovation of old houses will gain in importance. The average floor space of new dwellings is increasing. It is expected to reach 100 m<sup>2</sup> in 1980 as compared to 83 m<sup>2</sup> in 1970. Private concumption is expected to have a growth rate of 3.3% to 3.4% between 1976 and 1990."<sup>84</sup> The expected development of net income and private consumption between 1960 and 1990 can be deemed as tremendous growth. The development of per capita income in FRG between 1970 and 1978 can be seen from table 4.12 and 4.13, While the per capita consumption of tufted carpets also increased continuously till 1971, that of woven carpets declined continuously from 0.58 m<sup>2</sup> in 1971 to 0.36 m<sup>2</sup> in 1978.

(c). SOCIAL FACTORS:

The pertinent existing society of the Europe comprises majority of small families, joint family system is vanishing. The former have impact on levels of education, change in taste, and tendency to devote more attention to comfort and interior decoration



TABLE- 4.12Development of Per Capita Income1970 - 1978

Year	Yearly income per capita (in DM)	Annual increase (in %)
1970	8 790	-
1975	13 029	-
1976	14 217	9
1977	15 136	6
1978	16 268	7

Source: Statistisches Bundesamt, Wiesbaden.

TABLE-4.13

Year	Market supply 1000 m2	growth rate %	Per capita consumption in m2			
			Total	growth rate %	Woven	Tufted
1971	174 767	+ 31.3	2.85	+ 29.5	0.58	1.42
1972	191 317	+ 9.5	3.10	+ 8.8	0.57	1.69
1973	207 603	+ 8.5	3.35	+ 8.1	0.47	2.02
1974	200 206	- 3.6	3.23	- 3.6	0.41	2.17
1975	199 947	- 0.2	3.24	+ 0.3	0.42	2.26
1976	209 450	+ 4.8	3.40	+ 4.9	0.41	2.41
1977	222 825	+ 6.4	3.26	+ 6.5	0.39	2.66
1978	219 065	- 1.7	3.57	- 1.4	0.36	2.65

As can be seen from the above table, the total per capita consumption of carpets increased continuously till 1977. In 1977, however, it dropped to 3.26 per m2 but rose again to 3.57 per m2 in 1978.

as standards of living rise.

#### CONSUMPTION OF KNOTTED OR ORIENTAL CARPETS

##### (a). PURCHASERS:

It has been traced out the until the first world war only aristocracy and wealthy bourgeoisie who were responsible for the demand of knotted carpet. And from thirties till second world war about 50% of the middle classes became potential oriental carpet buyers. Post war period has clearly depicted that all the groups of society have aroused the need of oriental carpet in FRG. The oriental carpet buyers can be classified into three distinct groups, the collectors, those who buy only oriental carpets and occasion buyers. In addition many German buyers have begun to realize the value as an investment of genuine old and higher quality new pieces and have also become collectors. Eventually, with respect to the total turnover in FRG of oriental carpets this group play little role in it.

The second group refers to those buyers who decide to buy oriental carpets for utility purposes.

The third group is common group, they suppose the group who do not have any precise idea or preference for machine made carpets or oriental carpets. The majority of the carpets are bought for homes, but a considerable number are also used in offices and reception and reception rooms. Lower income groups are also buyers of oriental carpet. All groups primarily concentrates on quality at the time of purchase.

The major consumption is in large cities, where high income group have domination on market. These are Hamburg, Bremen, Berlin, Munich, Frankfurt, Cologne, Dusseldorf, University town like Muenster and Goethingen, in health resort and fashionable places on the north sea.<sup>85</sup>

(b). TYPES OF ORIENTAL CARPETS PURCHASED:

The demand of Indian carpets are in increasing trend, the high quality of Indian carpets are being first preference in comparison to the other competitors carpets in the FRG market. While Morocco continues to be the main supplier of the Berber type of oriental carpets. The preference is being given to the various coloured carpets in the FRG market now a days. Colour preference play, timely, motivating factor for consumer. Design is too, one of the important attributes at the time of purchase. Also a preference for silk carpet could be observed.

P R I C E

Price being as a one of the important tripot international marketing. It is true that the purchase of carpets is decided by more by quality and appearance than price. A survey conducted by INDO-GERMAN CHAMBER OF COMMERCE in FRG of 7000 persons depicts this result. It can be seen from table 4.14

TABLE : 4.14	
Deciding Factor	No.of persons (%)
Colour	40
Pattern	35
Price	39
Easy to clean	33
Durability	31
<u>SOURCE: IGCC conducted Survey Reports.</u>	

TABLE - 4.15

## Development of Carpet Prices

1974-1979

	Average price (DM/m <sup>2</sup> )				
	1974	1975	1976	1977	1978
In the total turnover of the German carpet industry	12.87	12.40	12.37	12.75	12.91
Woven	32.59	31.40	35.24	37.31	39.68
Tufted	13.06	12.26	12.08	12.43	12.34
Others	13.48	14.90	17.10	20.81	20.73
Needle-felt	6.35	6.33	6.42	7.04	7.25
In Export	11.68	12.13	12.59	12.26	11.35
Woven	24.11	23.26	24.93	24.62	23.31
Tufted	12.43	12.15	12.15	12.41	11.38
Others	15.60	16.08	18.02	18.56	17.68
Needle-felt	6.45	7.02	7.22	6.14	5.39
- with knotted carpets	19.83	20.50	20.41	20.10	20.84
- without knotted carpets	12.44	11.72	10.98	10.83	10.54
Woven	18.33	16.71	16.41	16.72	17.25
Tufted	10.47	9.80	9.34	9.22	8.98
Others	15.17	13.13	14.63	14.89	16.86
Needle-felt	7.02	7.33	6.75	7.92	6.42
Knotted	141.89	152.76	175.54	190.43	208.86
					233.81

Source: IGCC MARKET REPORTS 'CARPETS'.

TABLE-4.16

Average Prices for Woven and Tufted Carpets  
1971 - 1978

( DM m2 )

Year	Woven carpets of			Tufted carpets of		
	wool	cellulose fibre	synthetic fibre	wool	cellulose fibre	synthetic fibre
1971	43.9	16.5	27.0	22.1	10.3	13.9
1972	46.1	16.7	25.7	21.9	10.0	13.4
1973	52.1	17.3	28.5	22.8	10.2	12.3
1974	59.0	18.6	31.1	20.3	11.2	12.9
1975	60.4	18.2	28.4	20.4	-	12.1
1976	63.4	18.9	31.9	21.0	-	11.9
1977	63.4	19.0	32.8	22.1	-	12.2
1978	66.2	20.4	33.1	24.9	-	12.1

Source:- IGCC MARKET SURVEY "CARPETS"

The development of the price of knotted carpets between 1970 and 1976 is given. XXXXXXXXXX

In detail the development of carpet prices from 1974 to 1979 can be seen from the table 4.15. It can be analysed from the table that the total turnover of the German carpet industry and in the export of carpet from FRG, woven carpets fetch the highest price. In imports however knotted carpets fetch the highest price, followed by woven carpets. Whereas the price of woven carpets in imports in 1979 was DM 233.81. The development of the price of woven and tufted carpet can be seen from the table 4.16. The development of the price of knotted carpets between 1970 and 1976 already elaborated, this can be seen from the table 4.11. So regarding the price decision it would be better to see the above given tables.

#### TRADE REGULATIONS

As a member of the European Economic community FRG's important policy is determined by that of the EEC. EEC regulations were revised in 1980. According to the new EEC regulation for duty free imports, a new textile scheme has been established according to which items falling under GSP as well under MFA can be imported duty free into EEC by countries which have entered into bilateral textile agreements with EEC on the basis of MFA. India is one such country.

As per 1980 regulations, India will be allowed to import duty free into EEC 24,818 tons of these categories of textile which come under GSP as well as under MFA. In Annexure 5 the detail of Duty free Quotas for Handloom and Handicrafts can be seen.

India's quotas for duty free exports of carpets as listed under the EECCCT No.58.01 and 58.02 and household textiles as listed under the EECCCT No.55.08 and 62.02 are brought up in the form table 4.17.

It is important to note that the quotas under 58.01 and 58.02 under carpeting, rugs and marking which are not covered here.

When GSP quotas are exhausted the item or items can still be imported into EEC under MFA against payment of duty as stipulated in the tables. When MFA quotas are exhausted, no further imports are possible into EEC even against the payment of duty.

#### PRODUCT PROMOTION PROSPECTS

For exploring the foreign market, the exporters should take into consideration all that benefits which is being offered by the Indian Government, and other promotional aspects, for getting the better prospects. Here competitors tries at their best from the every corner of the earth planets to get a good share of the market.

Inevitably, participating into trade fairs, it ought to be policy with effective strategy for displaying his products in the world trade fairs. Trade fairs is to provide wide ranging information and helps to create a clear picture of the prevailing market situation . New and useful contracts can be established at fairs, with other export firms, trade association ensurable companies, departmental stores, mail order ferms, purchasing co-operative and retailers etc.

### TRADE CHANNELS

Regarding trade channel, which is being in practice in between these two giant countries. I considered it in the beginning to cover this chapter in general. Here in carpet context I shall bring to understand channel of distribution in brief.

Foreign producers or exporters seeking access to the German market can usually choose from various channels of distribution.

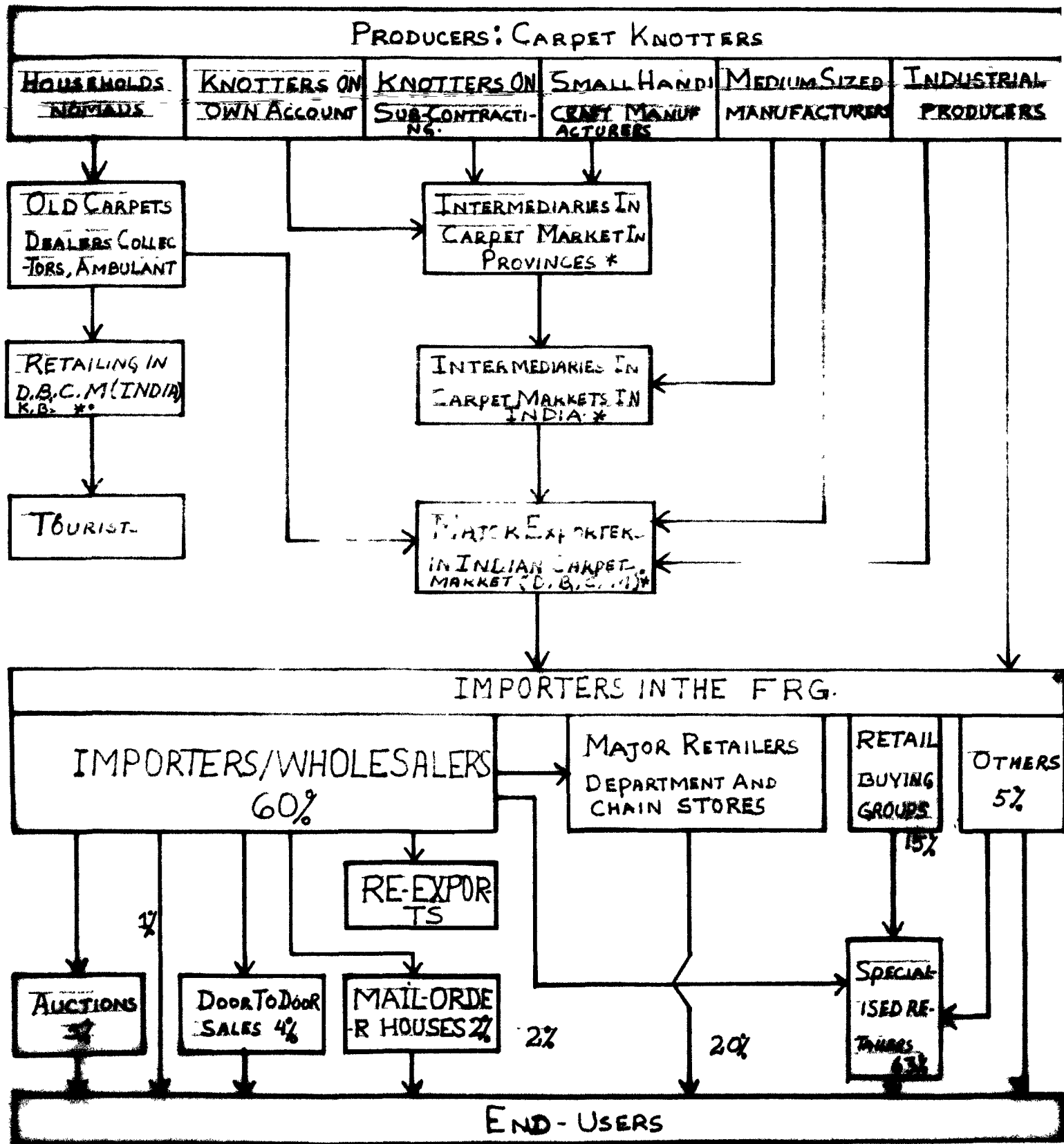
These are:

- ... independent wholesalers
- ... independent importers
- ... wholesale buying offices
- ... Central buying organisations of independent retailers e.g. buying co-operations, buying association and voluntary chain organisations.
- ... central buying departments of large retail establishment, such as, departmental stores, mail orders houses, multiple or chain stores co-operatives.

It is advisable for exporters to establish business contacts with commercial agents, who have expertise in this field, and assistance can be obtained from industry and chambers of Commerce in FRG. A list of these chambers of Commerce can be obtained from the Chambers Publication "Germany". A list of mail order houses and department stores dealing in carpets and household textiles in FRG. The detail can be understood from the given sketch.



**TRADE CHANNELS FOR HAND-KNOTTED CARPETS 121**  
**FROM PRODUCERS TO CONSUMERS IN FRG.**



• D = DELHI, B = BOMBAY, C = CALCUTTA, M = MADRAS, B. = BHADOI

More than 50% of Indian exporters of carpets into Germany is handled by German importers/wholesalers. The remainder is distributed by the HHEC in Hamburg.

As regards warehousing of commodities, goods may be stored outside a customs territory in free ports and within a custom territory in public or private landed warehouses without payment of import duties or taxes. Public bonded warehouses are at disposal of all interested parties. As a rule, they are, managed by port authorities storage services, transport companies and the like. Customes managed warehouses are an exception. Public bonded warehouses are under seal a joint seal so that bonding or release is only possible with the permission of the customs officials. There are free zones which I have mentioned earlier. There are three main trade fairs for carpets and household textiles held in Germany every year. Besides this, the carpet manufacturers can enter into the publication advertising world. Reach and Frequency strategy should be utilized. For this lot of dealing journals may be utilized. The addresses is given in Annexure-4.

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## CHAPTER-V

### INTRODUCTION

Engineering industry constitutes an important sector of the Indian Economy. It employs over 17 lakhs people and accounts for 20.9 percent of the productive capital 31.2 percent of output and 34.9 percent of value added in the organised sector.

#### WORLD MACHINE TOOL PRODUCTION AND TRADE:

Machine tools production draws special concentration of the industrial good producers. Because of machine tool directly or indirectly utilized in the industrial goods production. Demand for machine tools is the basic indicator of the investment trend in industrial equipment and therefore, varies according to the economic situation within a country and on the international market. Growth pattern of the machine tool industry believes on pronounced fluctuations than any other sector of Engineering industry. There are various reasons of machine tool exports, they are (i) when domestic demand is low (ii) certain sectors of industry need highly specialised machine tools that can not be supplied, economically by domestic manufacturers and (iii) comparable machine tools are often available from foreign sources at more attractive prices, and with the better performance records.

TABLE-5.1

1979

124

World Machine Tool Statistics  
(without parts and attachments)in DM million and %-shares in the world's total, estimates<sup>+</sup>)  
- nominal development -

Order of countries accord- ing to production figures	<u>Production</u>		<u>Export</u>		<u>Import</u>	
	DM mill.	%	DM mill.	%	DM mill.	%
Germany	7 515	18.0	4 509	26.4	992	7.3
USA	7 130	17.1	1 210	7.1	1 943	14.2
USSR	5 301	12.7	642	3.8	1 466	10.8
Japan	4 945	11.9	2 042	11.9	284	2.1
Italy	2 540	6.1	1 281	7.5	486	3.6
UK	2 028	4.9	858	5.0	1 053	7.7
France	1 683	4.0	879	5.2	646	4.7
GDR	1 477	3.5	1 213	7.1	447	3.3
Switzerland	1 461	3.5	1 242	7.3	256	1.9
Poland	1 255	3.0	350	2.1	950	7.0
China	770	1.8	51	0.3	110	0.8
Rumania	740	1.8	240	1.4	699	5.1
Czechoslovakia	655	1.5	486	2.8	305	2.2
Spain	574	1.4	396	2.3	150	1.1
Brazil	c 440	1.1	60	0.4	249	1.8
Yugoslavia	408	1.0	92	0.5	275	2.0
Sweden	366	0.9	287	1.7	186	1.4
Taiwan	316	0.8	220	1.3	128	0.9
Austria	276	0.7	207	1.2	269	2.0
Korea	275	0.7	40	0.2	257	1.9
India	236	0.6	57	0.3	102	0.7
Belgium	233	0.6	203	1.2	232	1.7
Hungary	212	0.5	165	1.0	227	1.7
Canada	202	0.5	122	0.7	605	4.4
Netherlands	c 137	0.3	71	0.4	187	1.4
Argentina	114	0.3	22	0.1	137	1.0
Denmark	88	0.2	46	0.3	77	0.6
Bulgaria	c 55	0.1	27	0.2	46	0.3
Singapore	39	0.1	51	0.3	169	1.2
South Africa	37	0.1	7	o	206	1.5
Australia	cj 33	0.1	2	o	285	2.1
Mexico	c 28	0.1	3	o	156	1.1
Portugal	26	0.1	8	o	71	0.5
Total	41 595	100	17 089	100	38 157	100

1 US \$ = DM 1.833

+) mostly according to the estimated data of the national  
manufacturers' associations converted to US \$

c= rough estimate j= business year ends on June 30th

o= less than 0.1

Source: American Machinist

TABLE-5.2

	1979	
	Consumption (DM mill.)	% of imports
Singapore	157	107.6
Australia	316	90.2
Belgium	262	88.5
Canada	685	88.3
South Africa	236	87.3
Mexico	181	86.2
Hungary	274	82.8
Portugal	89	79.8
Austria	338	79.6
Netherlands	253	73.9
Sweden	265	70.2
Denmark	119	64.7
Czechoslovakia	474	64.3
GDR	711	62.9
Bulgaria	74	62.2
Argentina	229	59.8
Rumania	1 199	58.3
Taiwan	224	57.1
Switzerland	475	53.9
Korea	492	52.2
Poland	1 855	51.2
UK	2 223	47.4
Yugoslavia	591	46.5
Spain	328	45.7
France	1 450	44.6
Brazil	629	39.6
India	281	36.3
Italy	1 745	27.9
Germany	3 998	24.8
USA	7 863	24.7
USSR	6 125	23.9
China	829	13.3
Japan	3 187	8.9

World production of machine tools (total production of 33 countries in 1979 was estimated at US \$22.7 billion, and increase of 19% over the previous year. Germany ranked first as the largest producer of machine tools followed by USA, USSR, JAPAN and ITALY. 12 CECIMO countries (Norway excluded) for detail Annexure-7), accounted for 41% of the world production in 1979, and 58% of export. India's position came down from 20th in 1978 to 21st. in 1979. Both Taiwan and Korea overlook India in 1979 with respect to machine tools production.<sup>86</sup> For this the detail statistics on the world production can be seen from the table 5.1.

The import dependence of the leading machine tools consuming market. This can be seen from Table 5.2. Thus all major machine tool manufacturing countries are both exports as well as importers of machine tools. This is partly attributed to the tremendous pace of technology in modern times. However, machine tool production being labour intensive, manufacturers in industrialized countries find it increasingly difficult to meet the growing demand at competitive prices particularly in the case of controversial and general purposes items.

In developing countries too, machine tools requirements is in increasing trend for keeping pace with the industrialisation. As a result, developing countries have begun to export machine tools both to developing and to industrialized market. The machine tool is being imported in developed countries from developing countries

because of keep technological development at par. The growing number of manufacturer in industrialized countries appear to have decided to switch from production to marketing of imported machine tools. Consequently there is room for developing countries to enter into the industrialized machine tool market and to obtain a good share of the market, inspite of competitors threat is imposed in the market.

#### MACHINE TOOLS RANGE AND IT's VARIETIES

Different developing countries produces variety of types of machine tools designed for different purposes. However in this study the emphasis is on less sophisticated general purpose or primary items, namely metal cutting machine tools such as leather and milling, drilling and grinding machines, and metal forming machine tools such as presses and bending, punching and sheering machines. So these are the different catagories of machines.

##### 1. DRILLING MACHINE:

- i).Radial Drilling Machines
- ii).Upright single spindle drilling machines.

##### 2. MILLING MACHINE:

- i).Profile and duplicating milling machines
- ii).Knee type milling machines
- iii).Bed type milling machines.

##### 3. BORING MACHINE:

- i).Vertical boring machines, including vertical turret lathes

ii). Combination boring, drilling and milling machines, horizontal spindle.

iii). Combination boring, drilling and milling machines vertical spindle.

#### 4. LATHE MACHINES:

i). Engine Lathes

ii). Turret Lathes

#### 5. CHUCKING MACHINES:

i). Single spindle automatic bar on chucking machines.

ii). Multiple Spindle automatic bar or chucking machines.

#### 6. GRINDING MACHINES:

i). External cylindrical grinders

ii). Surface flet grinders

iii). Internal cylindrical grinders.

Then other like:

Metal cutting machine tools, sawing machines, Metal forming machine tools, Punching and Shearing machines, Mechanical presses, Open back inclinable. Here I don't envisage to give the definition of all the above given machine tools. Because study would become exhaustive. For detail these may be consulted.<sup>87</sup>

\*\*\*\*\* \*



## MARKET CHARACTERISTICS

### 1. DOMESTIC PRODUCTION:

The FRG is one of the world leader in producing machine tools. In 1979 FRG ranked first with a production valued at DM 7515 million. This accounted for 18% of the world production of machine tools.

During 1977-79, the output of machine tools increased by 22% valuewise metal cutting machine tools increased by 27% and accounted for two thirds of the total value of machine tool production in 1979. Production was increasing mainly due to the success in exports to world markets rather than expansion of domestic demand. For detail the more can be fetched from Table 5.3. The market share which have captured by the FRG of international market in better in size because of its production. Machine tool production made up barely 8.5% of the total production in the engineering sector in FRG in 1979. This share has remained almost invariable since 1975.

Domestic production is being covered by 450 machine tool manufacturer in FRG. Till 1979, there were about 100,000 persons were employed in the production of machine tools including hand tools. However, since machine tool/production is labour intensive, German manufacturers find it difficult to produce conventional and

TABLE-5.3

Production of machine tools by type  
(in DM million and %-shares)

	1977		1978		1979	
	DM mill.	%	DM mill.	%	DM mill.	%
Planing, shaping & broaching machines	88.6	1.3	117.2	1.5	97.7	1.1
Lathes	668.2	9.4	676.3	8.8	742.7	8.6
Turret lathes and automatic lathes	560.9	7.9	643.8	8.4	700.1	8.1
Boring and drilling machines	244.1	3.5	290.1	3.8	309.5	3.6
Milling machines, combined boring and milling machines	587.8	8.3	663.5	8.6	773.6	9.0
Saws and filing machines	170.5	2.4	166.2	2.2	201.7	2.3
Grinding, lapping & polishing machines	779.3	11.0	830.2	10.8	914.8	10.6
Gear cutting machinery	194.0	2.7	256.3	3.3	254.8	3.0
Others	759.2	10.7	890.0	11.6	1084.9	12.6
Metal cutting tools, total	4639.6	65.5	5223.8	68.0	5870.1	68.3
Power hammers, forging and riveting machines, bonding & straightening machines, drawingshop machinery	211.1	3.0	217.5	2.8	266.9	3.1
Mechanical presses	426.5	6.0	376.6	4.9	432.5	5.0
Hydraulic presses	382.7	5.4	430.8	5.6	481.8	5.6
Shears and sheet-metal working machinery	477.2	6.7	506.6	6.6	501.0	5.8
Wire working and converting machinery	385.5	5.4	375.5	4.9	412.5	4.8
Bolt, screw and nut making machines	183.7	2.6	146.9	1.9	172.3	2.0
Metal forming tools, total	2445.4	34.5	2454.9	32.0	2728.3	31.7
TOTAL	7085.0	100.0	7678.7	100.0	8598.4	100.0

TABLE-5.4

<u>(Basis 1970 = 100)</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
TOTAL	150.5	159.4	168.9	176.4	185.0
Metal cutting machine tools	149.4	157.4	167.1	175.9	185.1
Planing and shaping machines	156.9	164.5	171.3	178.1	185.0
Lathes	158.8	169.5	181.0	187.6	197.8
Turret lathes and automatic lathes	148.2	156.0	166.4	175.5	185.6
Drilling machines	147.7	158.0	168.8	178.2	186.1
Milling machines	147.0	154.9	166.8	174.9	184.3
Sawing machines	149.3	159.1	169.5	184.3	189.5
Grinding machines	144.5	149.7	155.1	164.5	173.6
Gear cutting machinery	153.2	160.9	173.3	180.4	190.4
Metal forming machine tools	152.8	163.5	172.4	177.4	184.8
Forging, riveting, bending machines, etc.	162.1	175.2	181.1	187.0	188.5
Mechanical presses	148.8	161.3	168.8	170.1	175.6
Hydraulic presses	153.2	165.4	174.1	180.2	188.0
Sheet-metal working machinery	155.5	162.6	172.2	179.5	189.4
Wire working machinery	150.0	159.6	171.3	177.9	188.1
Bolt, screw and nut making machines	157.5	167.2	175.5	182.6	190.0

general purpose items at competitive prices, notwithstanding with the steady demand with such equipment. With respect to individual items, the price index in 1979 was the highest in the case of lathes. The item wise development of the price index from 1975 to 1979 can be seen from Table 5.4. So after taking into consideration in detail of the domestic production we can proceed to see in detail the FRG foreign trade.

## 2. FOREIGN TRADE:

(a). German Imports: For maintaining its position as a world leader, the FRG does not fulfill the whole demand requirements from domestic production. For maintaining the its position as a world leader FRG imports 30% of the machine tools for matching its domestic requirements. German imports of machine tools (listed under CCT No.84.45) were valued at DM 1387 million in 1979.

The share of metal cutting machine tools in total imports of machine tools was DM 937 million in 1979. Lathesboring and drilling machines accounted for 75% of these imports and were valued at DM 702 million, accounted for 24% of the metal forming machine tool imports. Detail statistics on the German Export can be seen from the table 5.5 Since 1977, Switzerland has been the main supplier of machine tools to FRG, followed by Italy. In the first half of 1980, both these countries have mentioned their position with a supply of DM 223 million and DM 106 respectively. The highest export growth rate

TABLE 5.5

German imports of machine tools, by type  
(1977-1979)

	1977	1978 (DM 1000)	1979
Total imports	922562	1144660	1387313
of which			
Metal cutting tools	623680	764472	936743
Planing, shaping and broaching machines	3414	7145	5247
Lathes	95217	131429	158336
Turret lathes and automatic lathes	54908	68630	95111
Boring and drilling machines	62058	75110	99070
Milling machines, combined boring and milling machines	116149	154664	191678
Saws and filing machines	17486	18292	20408
Grinding, lapping and polishing machines	121837	140652	158114
Gear cutting machinery	13710	10583	14859
Others	138901	157967	193920
Metal forming tools	264394	335515	403416
Power hammers, forging and riveting machines, bending and straightening machines, drawingshop machinery	19386	28004	22566
Mechanical presses	25665	35053	74351
Hydraulic presses	29075	24096	22216
Shears and sheet-metal working machinery	41176	61729	65826
Wire working and converting machinery	41324	49172	58461
Bolt, screw and nut making machines	17957	14162	21504
Others	89811	123299	138492

TABLE-5.6

German imports of machine tools, countrywise

	1977	1978	1979	1st half 1980
	DM mill.	DM mill.	DM mill.	DM mill.
	%	%	%	%
Switzerland	252	322	402	223
Italy	110	141	153	106
France	97	101	142	92
UK	66	80	121	80
USA	63	79	80	62
Japan	50	77	79	49
Sweden	45	57	74	32
Austria	41	51	54	27
Spain	37	47	53	27
Belgium	36	40	49	26
Netherlands	36	38	45	23
Czechoslovakia	17	21	29	11
Hungary	13	16	26	10
Denmark	10	13	14	9
Yugoslavia	10	10	13	5
Others	40	52	53	37
World	923	1145	1387	819
	100	100	100	100

rate in 1979 were achieved by JAPAN, Hungary, and Belgium/Luxemburg (78.2%) 55.9% and 44.5%). In the first half of 1980, Japan continued to have the highest growth rate (86.9%), followed by UK (81.7%) and France (62.0%).<sup>88</sup>

The countrywise development of Germany's import of machine tools from 1977 to the first half of 1980 can be seen from table 5.6.

#### INDIAN EXPORT TO FRG

The Indian machine tool industry has made rapid progress in the last two decades. The industry manufactures a wide range machine tools. The growth pattern can be seen not only in the increase in the number of existing types of machine tools, but also in the development of newer and wider range of precision tools, machine with digital readouts and numerical controls, and pneumatic, hydraulic and cutting tools.

During the last five years, Indian Exports have increased three times to about Rs.250 million in 1980. As compared to only 3 or 4 firms which were engaged in exports previously now approximately 80 manufacturers of machine tools are exporting their products to U.S.A., Canada, Australia, South-East Asia and European countries. Total export amounted to 15% of Indian machine tool production in terms of value. The major export items were metal working and forming machines, and moulding, welding machines and

specialised tools. The growth rate of Indian production and export were (17.84). In 1979 this figure increased tremendously, it was like that 1558.3, 28.73, 230.0, 9.83 and 14.76.<sup>89</sup>

Export of machine tools from India to FRG declined in 1978/79 as compared to 1977/78. While India's total export in 1979 was Rs.209.4 million increased by 53.2% than previous year. Germany's share in India's total machine tool exports remained constant at 4.8%

TABLE 5.7

India's Exports of Machine Tools  
(1975 - 1979)

	Total Rs. mill.	Export % change	Rs.mill.	<u>EXPORT TO FRG</u>	
				% share	% change
1975/76	83.9	+ 17.8	4.0	4.8	+185.7
1976/77	169.2	+101.7	8.2	4.8	+105.0
1977/78	136.7	- 19.2	13.5	9.9	+ 64.6
1978/79	209.4	+ 53.2	8.3	4.0	- 38.5

SOURCE: Engineering Export Promotion Council

An itemwise splitup of India's total exports and export to FRG during 1977/78 and 1978/79 can be seen in detail from the table 5.8



# TABLE-5.8

137

India's exports of machine tools, by type  
(1977/78 and 1978/79)

		Q = Quantity (pieces) V = Value (Rs.)	
		<u>1977/78</u>	<u>1978/79</u>
Gear cutting machines	Total Indian exports	Q 94	72
		V 405 705	310 603
	Exports to Germany	Q	
		V	
Lathes	Total Indian exports	Q 3 040	11 012
		V 43 632 404	66 421 009
	Exports to Germany	Q	
		V 8 211 262 665	3 731 315 430
Milling machines	Total Indian exports	Q 1 769	2 234
		V 13 829 601	7 954 921
	Exports to Germany	Q	
		V 1 035 74 757	922 133 690
Drilling and boring machines	Total Indian exports	Q 2 997	1 872
		V 17 382 965	14 636 597
	Exports to Germany	Q	
		V 931 396 795	1 477 386 676
Sawing machines	Total Indian exports	Q 954	3 817
		V 2 833 852	3 817 100

contd.

India's exports of machine tools contd.

			<u>1977/78</u>	<u>1978/79</u>
Sawing machines	Exports to Germany	Q	16	-
		V	88 366	-
Planing machines	Total Indian exports	Q	12	44
		V	89 511	135 559
	Exports to Germany	Q	-	-
		V	-	-
Grinding, polishing, honing and lapping machines	Total Indian exports	Q	4 144	3 492
		V	10 932 066	19 652 732
	Exports to Germany	Q	102	19
		V	1 527 474	564 359
Hammers, forging and stamping machines	Total Indian exports	Q	28	225
		V	228 679	174 711
	Exports to Germany	Q	10	-
		V	74 181	-
Bending, forming or flattening machines	Total Indian exports	Q	155	157
		V	1 147 066	797 581
	Exports to Germany	Q	4	-
		V	9 000	-

contd.

India's exports of machine tools contd.

			<u>1977/78</u>	<u>1978/79</u>
Shearing, punching machines	Total Indian exports			
		Q	4 499	7 193
		V	3 297 827	4 821 347
	Exports to Germany			
		Q	2	559
		V	64 815	92 080
Metal working presses	Total Indian exports			
		Q	3 304	10 308
		V	7 748 059	13 128 199
	Exports to Germany			
		Q	-	-
		V	-	-
Other machine tools	Total Indian exports			
		Q	47 033	18 445
		V	6 991 910	13 746 104
	Exports to Germany			
		Q	24 888	-
		V	570 826	-
Parts, accessories and attachments	Total Indian exports			
		Q (kg)	794 355	1 660 110
		V	12 139 113	37 237 116
	Exports to Germany			
		Q (kg)	6 981	30 564
		V	237 482	630 570

Source: Monthly Statistics of the Foreign Trade of India, Government of India, Dept. of Commercial Intelligence and Statistics, Calcutta.

### GERMAN EXPORTS

German export of machine tools made up just 1.69% of total German exports, which amounted to DM 314.5. billion in 1979. However, in the case of machinery, the share of machine tool was 9.4%.

Machine tools from FRG have worldwide reputation for high quality and superior performance. About 61.9% of the total machine tool produced were sold abroad in 1979. Export of machine tools in 1979 amounted to DM 5324 million, are increase of 6.7% over the previous year. Thus the export growth rate which was 21.2%.

Lathes grinding/polishing machines and milling machines were the main item of export in 1979. The major markets for German machine tool in 1979, in order of importance were, USSR, UK, USA, France, Italy, Switzerland, Japan, Belgium/Luxemburg, Sweden and Romania.

In the first half of 1980 German export of machine tools to India amounted to DM 54 million. In 1979, the German exports were valued at DM 62 million of this grinding, polishing and lapping machines made up the largest export item, export valued at DM 15 million.<sup>90</sup> The lowest exports, DM 36,000, were in the case of sawing and cutting off machines. German Exports to India during 1977 to 1979 can be seen from Table 5.9.

TABLE-59

141

German exports of machine tools to India  
(1977-1979)

	1977	1978 (DM 1 000)	1979
Planing, shaping, <sup>z</sup> slotting and broaching machines	3 525	3 935	110
Lathes	9 383	8 996	3 864
Capstan and turret lathes, automatic lathes	4 260	5 633	4 820
Drilling and boring machines	2 496	1 210	412
Milling machines, horizontal boring and milling machines	6 817	6 870	6 551
Sawing and cutting-off machines	386	1 071	36
Grinding, polishing and lapping machines	9 817	15 848	15 516
Gear cutting machines	315	536	853
Other metal cutting machine tools	2 200	2 487	725
Metal cutting machine tools*	45 530	58 729	42 538
Hammers, bending and straighten- ing machines for pipes, forging machines etc.	5 869	8 072	3 521
Mechanical presses	1 229	52	2 300
Hydraulic presses	6 392	4 000	338
Shears, sheet working machines	1 632	3 005	3 511
Wireworking machines	1 866	1 116	1 375
Machines for producing bolts, nuts, screws, rivets	290	1 054	3 209
Other metal forming machine tools*	246	472	388
Metal forming machine tools*	22 829	24 395	19 221
Machine tools in total**	68 675	83 795	62 196

\* including spare and individual parts and accessories

\*\* including universal machines and their components

Source: Official foreign trade statistics of the  
Federal Republic of Germany

### C O N S U M P T I O N

During the second half of the last decades FRG consumption of machine tools were in growing trend. In 1979 FRG absorbed almost 10% of the world machine tools production, thus ranking third behind the U.S.A. and U.S.S.R. This shows the rapid pace in industrial development in Germany.

As compared to 1975, consumption of machine tools in FRG has increased by as much as 97.4% amounting to DM 4662 million in 1979 as against DM 2362 million in 1975.<sup>91</sup> As compared to 1978, the increase is 21.7%.

The highest growth rate is to be seen in power/hammers/bending and straightening machines and in saws/filing machines 132.6% and 100.7% respectively over 1978. Further detail can be taken from Table 5.10.

### M A R K E T A C C E S S

Market Access in FRG have been discussed at broad. As from 1.7.1971, the duties levied under the EEC common external tariff in machine tools falling under CCT No. 84.45 and originating in developing countries and territories that enjoy generalised tariff preferences with EEC have been totally suspended. Since India is one such country, Indian machine tools can enter into the

TABLE-5.10

German consumption of machine tools  
(1975-1979)

	1975	1976	1977 (DM 1000)	1978	1979
Planing, shaping and broaching machines	24081	30829	50989	59959	52728
Lathes	254957	247547	264797	402576	413246
Turret lathes and automatic lathes	193802	205474	324921	300590	373811
Boring and drilling machines	78106	94068	90910	155622	190785
Milling machines, combined boring and milling machines	193853	271533	282020	360392	442014
Saws and filing machines	59783	57115	54152	40989	82254
Grinding, lapping and polishing machines	184975	190004	316573	372435	393724
Gear cutting machines	59797	80022	77906	120902	129046
Other metal cutting tools	383181	414085	439063	633070	801261
Metal cutting machine tools*	1762010	1911825	2244882	2884250	3416163

contd.

German consumption of machine tools contd.

	1975	1976	1977	1978	1979
Power hammers, forging and riveting machines, bending and straightening machines, drawingshop machinery	46399	18485	30121	33600	78140
Mechanical presses	126117	212648	195975	198327	276975
Hydraulic presses	53926	43133	73187	124346	112428
Shears and sheet-metal working machinery	77308	172802	143099	96461	145797
Wire working and converting machinery	106788	164327	150805	188470	181188
Bolt, screw and nut making machines	44838	23863	55429	40357	46189
Other metal forming tools	57995	55914	79907	123618	167180
Metal forming machine tools*	600387	786752	819099	947761	1245645
Machine tools, total	2362397	2698577	3063981	3832011	4661808

\*including components, spare parts and accessories

Source: Official foreign trade statistics of the Federal Republic of Germany



German duty free market.

"Machine Tool", are classified as a non-sensitive item under GSP. According to the 1981 regulations, non sensitive items can be imported duty free without quantity restrictions into EEC by all beneficiary developing countries.<sup>92</sup> India falls in this category.

However, in emergency cases, customs duty may be introduced to steep increase of imports into EEC. Imports of machine tools from countries other than the developing countries will subject to customs duty ranging from 2.4% to 9.9%. Other than the GSP regulations, Germany imposes an import turnover tax of 13% on machine tool import from all countries.

#### TRADE CHANNELS

In brief, I would like to highlight the channel of distribution for machine tools here, though this topic I have discussed in many chapters.

Exporting countries enter industrialised countries through the following trade channels.

- Domestic machine tool manufacturers/  
Importers.
- Sales Offices of foreign manufacturers  
established in importing countries.
- Established agents and distributors.
- Merchant importers.

For our country for the manufacturers of machine tools, the best way to sell in the FRG is through importers/wholesalers. Manufacturers wishing to sell throughout the country would not be adequately represented by distributor dealing on a regional basis, they have to find importers who could handle their products on a national basis either alone or jointly with other wholesaler. The great distance between developing countries and FRG would necessitate the setting up of a stock of spares on a consignment basis. German customers are used to having their complaints dealt with promptly. A list of major German agents and exporters of machine tools is given in the Annexure-6. In addition Indian exporter of machine tools should avail the offered services of Indo-German Chamber of Commerce. Trade bulletin and Journals can also be utilised for this purpose.

#### CONSUMER SATISFACTION

Export success largely depends upon the ability of manufacturer/Exporter to offer a product that meets the requirements of the end user. It is difficult to reach the target market, without satisfying the consumer behaviour. Such consumer buying behaviour reaches its satisfaction level when manufacturers fulfill the proposition for the product. It is not new, that there is not subtle difference lies between domestic and international market. When selling abroad exporters ought to have in mind that adaptability of products in that

market is major selling point. The principle requirement for satisfying consumer behaviour may be summerized on these following important factors.

Quality, After sales service, Prices, Delivery, Payment, Packaging, Standard.

As above all discussed important factors for getting the maximum possible target is also supported by the DON WELLER<sup>93</sup> for winning the consumer ~~sat~~isfaction. Once consumer is satisfied there is better prospect of goods in international market. It is felt here to discuss the principle recommendation for the product prospects in FRG market.

#### RECOMMENDATIONS FOR TRADE PROMOTION

Well planned promotional activities should form on essential part of the exporter efforts for marketing his product, A great deal will depend on how the product is offered:

For suppliers from developing countries who wish to penetrate or to increase their share of in the international markets, the following recommendation would be suitable for promoting the trade.

#### MARKET APPROACH:

Developing country machine tool manufacturers wishing to enter the international market should first contact the national association of machine tool importers/distributors in the target market

by correspondence, with a description and specifications of the product offered National Trade Associations are well equipped to circulate foreign trade engineerings among their members usually in the form of bulletins and newsletters, and thus to assist in finding potential business contracts.

(a). Correspondance: When enquiries are addressed to potential importers, export offers should include the following materials:

- Sales catalogues and specification of the machine tools offered, preferably with language of the largest market.
- Up-to-date price list
- Delivery Schedule
- Background, product range and production programme of the Company.

If the manufacturer has exported machine tools before, reference should be made to previous trading partners and to the deals concluded.

(b). Catalogues: For the sale promotion of machine tools, good catalogue are a must, preferably in the German language. It is possible, the catalogue should be in colour with an attractive layout, summerizing the main characteristics of the products. The main features of the machine tools, its standard equipment and

additional available equipment and tooling, should be fully described. Sales features should be highlighted to catch the eye immediately, e.g. simplicity of operation, choice between different models standard and/or special accessories and sturdy design, and weight of the machine should be indicated, so this provides customer thorough awareness of the products.

#### PROMOTION THROUGH TRADE FAIRS

Participation in appropriate trade fairs is one of the primary sales promotion sales promotion actions. International machine tool trade fairs serve as a meeting place for manufacturers and users of machine tools. They also enable machine tool importers and users to examine their part and compared products from all over the world, manufacturers on their part can learn about new technical developments.

Participation in exhibitions and trade fairs should be handled with the greatest care, and the machine tools in display must be exemplary in every respect. A demonstration of the functioning of the machine tool under actual work load is an equally effective method of promotion. Such demonstration is usually preferred in the agent's showroom, but also at trade fairs or exhibitions.

The European Machine Tool Exhibition (EMO) which is held every four years in Hanover in Germany, presents the most comprehensive international display of metal working equipment.

At the last EMO in Hanover in September 1977, about 1615 firms from 29 countries exhibited their products. India was represented by 17 exhibitors.<sup>94</sup>

At the next EMO which will be held from 15th. to 17th. September, 1981, there will be more than 1700 companies with over 5000 exhibits from 35 countries. For further details the INDO-GERMAN CHAMBER OF COMMERCE which is the Indian representative of this trade fair, can be proved helpful. (Information gathered from IGA).

(d). Trade mission to the target market are usually organised through the combined efforts of manufacturers, the manufacturers association and the Government Authorities of the exporting country, in collaboration with the trade association of the target country.

(e). Exporters Visits to the Target Market: A well prepared visit by the manufacturer to the potential market is another way of establishing business contacts in a market. The Government's Commercial representative can play a big role, in co-operation with the trade associations of the target market, in arranging meetings with potential importers.

(f). Trade mission to Suppliers: Another useful practice is for a group of importers to visit manufacturers/exporters in the producing country. Meetings, discussion and visits to plants are usually organised by the association of machine tool manufacturers/exporters of the producing country.

(g). Importers Visits to Suppliers: Invitations to importers/agents to visit suppliers are generally arranged within the course of established business dealings.

(h). Advertising in Trade Journals: Such advertising forms part of promotional activities. The advice of agents in the selection of journals may prove to be highly useful. There are various journals dealing in the machine tool field.

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## CHAPTER-VI

### INTRODUCTION

In earlier chapter, it has been discussed at great length that the prospect for Indian manufactured goods in FRG varies from product to product. Field coverage includes my exclusive study on Leather Travel goods its scope and future prospects. Leather goods demand is in growing trend in the European markets. Leather goods can be easily break up according to the market characteristics and particular market and customer taste. The main leather goods are:

- i). Leather Garments
- ii). Leather Travel Goods and
- iii). Leather Foot-wear.

Among these three more important are Leather Travel Goods from Scope and well as demand point of view. So here I am conducting my further effort to find promotional aspect of the Leather Travel Goods in FRG market.

Leather Travel goods is one of the most important export item from India which have mentioned its gorwing trend in the German market. And in 80's it will cover more market segment in that country. While discussing Leather items, it would be better to take into discussion all the major factors in retrospective and prospective dimension. The programme of action consists largely of measures



which entail concessions and easy market access, for the country like India, which is trying to make standard position in the International trade.

#### REVIEW OF EXPORT OF INDIAN LEATHER GOODS

It is however, also argued in the beginning that the economic development of the country depends upon the effective international marketing strategy. Leather Goods being exported from India in world market since 60's.

“Prior to 1972-73 India was exporting raw hides and skins E.I tanned and wet Blue Chrome tanned hides and skins predominantly. But from 1.4.1973 Government has introduced export quota restrictions and E.I and wet Blue hides and skins completely banned, the export of raw and pickled hides and skins thereby encouraging exports of finished Leather Products. In 1955-56 India exported Leather and Leather Products. to the tune of Rs 31.96 crores. And during the year 1979-80 the export reached Rs.425.39 crores.”<sup>51</sup>

From the above given figure it can easily be mentioned that pattern of exports have also changed considerably. It has also been observed that previously raw and semi finished leather dominated the scene and the exports of finished leather and leather products was very meagre. But now position is quite different and Government policy of the export finished leather and leather products has been liberalised to increase the export which have resulted positively.

Especially, the finished leather, the export of its was only Rs.1.41 crores during 1957 has increased to Rs.286.01 crores in 1979-80. The export performance for the items being handled by LEXPORT, have gone from Rs.9.31 crores in 1963-64 to 40.07 crores in 1969-70 Rs. 155.06 crores in 1975-76 Rs.226.24 crores in 1977-78, Rs.237.25 crores in 1979-80. However export during 1980-81 fall below Rs.400 crores due to the worldwide recession in Leather Market.<sup>52</sup>

It is very well known in trade world that the period of 1980-81 have been not promising in international trade.

“International export market have witnessed 1% decline in 1980-81 in all commodities.”<sup>53</sup>

India were in position to maintain its growing trend in all the foreign market especially the FRG market for leather travel goods. She has increased her position as a major exporters of the item. So the more promotional chances are bright in FRG market.

#### MARKET PREFACE

As I have already introduced the ~~item in the introduction.~~  
But here I would like to mention explicitly the items nature and recognition in the market. FRG is one of the biggest importer of the Indian Leather Travel Goods, this is bare facts. This was also one of the reason to chose this item for study.

"Leather Goods are finished products of Leather, classified in SITC, group 831, sub group 831.00 and under the corresponding CCT heading 42.02. The term "Leather Goods" used in this market are generally grouped in 3 main categories."<sup>54</sup>

- ... Travel goods (Luggage), such as suit cases, trunks, briefcases, attache cases.
- ... Ladies Hand bags.
- ... Small Leather goods such as bill folds, Wallet puurses, Key and other cases, various sets and kits desk accessories.

All the above given product range, only leather travel goods.

#### PRODUCTION AND FOREIGN TRADE

##### 1. The Situation of the German Leather Goods Industry:

The production of all the commodities directly dependent upon the national economy. The year of 1980-81 was not very much suitable for FRG from economic view. The change in its pattern of light and shade during the first few months of 1981, has given the German economy renewed confidence in mid 1981. "According to the Bank's estimates in industrial production the growth was promising but it was not so in the leather industry."<sup>55</sup>

FRG is the second largest world market for leather goods, the largest market at present in U.S.A. The leather goods and its manufacturing have been traditional sector of the German consumer goods industry. Increasing demand of leather goods in the FRG market has given the way of price rise for the item. Though price

rise impact on consumer behaviour may be considered, and they can think for the substitute for the goods which can be substituted but this may not be appropriate for shoes, substitute in manufacture of bags and baggage is possible. Today more than 50% of the products of the leather goods and suitcases are made up and manufactured of leather.

“The pertinent position of production in leather industry, for the manufacturing of leather goods is about 1,000 leather goods manufacturers in FRG (1971: 1,240, some 600 are situated in Offenbach, Nearly 3,000 people have been employed in the manufacturing in 1978. Almost 50% of leather goods manufacturers are small firm employing about 10 people, only 5% employ over 100 people and only 8 firms employ more than 500 people. But as a result of technological advancement, realisation and automation, the turnover per working hour in 1978 is more than 60 DM instead of 28.67 DM in 1977.”<sup>56</sup>

Due to the rising labour cost in advanced countries it is not feasible for them to produce the item in their own country. So they have started the policy of establishing plant ~~ab~~road. So FRG is one of them. So many manufacturers of FRG have installed plant abroad i.e. in the third world countries where the labourers are available at cheaper rate. P.E.S. Portugal, Yugoslavia, Italy, Morocco, Tunisia, and countries of Far East. In the beginning the problem faced because of unskilled and untrained labourer were available but later on this have been sowed. And now number of developing countries producing and exporting leather travel goods in international

TABLE-6.1  
THE TURNOVER OF THE LEATHER GOODS &  
SUITCASE INDUSTRY.

YEAR	in DM1000	CHANGE OVER PREVIOUS YEAR
1971	1,328,000	+ 6.0%
1972	1,381,000	+ 4.0%
1973	1,421,000	+ 2.9%
1974	1,444,000	+ 2.0%
1975	1,485,000	+ 2.8%
1976	1,659,000	+ 11.7%
1977	1,485,000	+ 2.9%
1978	1,865,000	+ 6.8%
1979	1,767,000	+ 6.0%
1980	1,897,000	+ 7.2%

SOURCE :- STATISTICS LEATHER GARMENTS

TABLE-6.2  
Valuewise Production of the German Leather Goods  
Industry

(in 1000 DM)

	1975	1976	1977	1978 (estimated)
Suitcases	36,530	37,832	39,548	40,347
Saddlery and harness goods	49,715	49,599	56,149	57,253
Fine saddlery goods	108,628	105,935	103,024	102,956
Fashion belts, sports belts, etc.	73,460	82,729	87,595	89,629
Ladies handbags, shoulder bags	97,043	98,169	109,705	116,844
Briefcases, etc.	105,326	117,190	131,269	135,346
Total	739,673	747,722	801,799	816,546

Source: Produzierendes Gewerbe 1977

culnerable competitive market of European style leather travel goods. Which have proofed product adaptability in the FRG market. In this field much attention being paid and FRG have started apprenticeship training for six and three year for getting better crafts man in leather.

“Specialised craftsmanship courses in leather goods have recently been established at”<sup>57</sup>

August Bebel Schule  
Richard Wagner Street-37  
6050 Offenbach a m Main.

and for design and model making at:

Wekkkunstschule Offenbach  
Scholasstresse  
6050 Offenbach am Main.

For detail in this context the information can be gathered from the table 6.1 and 6.2 which will give the value wise production of German Leather Goods industry and the turnover of the leather goods suit case industry in FRG. I tried to get current data but I am constrained to not bring it here, due to unavailability.

2. Imports: After discussing the domestic production it is obvious to highlight the imports field for this items.

# TABLE-63

## Total Imports of Leather Goods\*

	1976		1977		1978	
	pieces	value (1000 DM)	pieces	value (1000 DM)	pieces	value (1000 DM)
Suitcases	252 674	11 727	309 883	16 985	848 089	21 632
Other travel goods	2 735**	8 053	3 518**	11 682	3 347**	10 841
Handbags	8 514 865	185 818	8 951 883	215 172	9 847 141	245 155
Briefcases	205 131	4 960	254 326	7 877	227 050	8 279
Spectacle cases	1 811***	469	2 138***	519	3 690***	856
Other containers	1 303	62 835	1 370**	78 518	1 455**	68 918
Belts	5 073**	33 609	6 190**	45 035	8 174**	50 243

\* The figures include leather as well as composition leather, but the share of composition leather is negligible.

\*\*in 100 kg.

\*\*\*100 pieces

Source: Deutscher Aussenhandel Reihe 2

Imports of leather goods in 1978 were 12%, is lower than the previous year, e.g. 31.6% in 1975, however it is still considerably higher than the turnover growth of German leather goods industry. As a result of the steadily increasing imports during the last 10 years, the imports quota (increased against the amount available internally) has increased to 35.5%, i.e. one third (value wise) of leather goods sold in FRG in 1978 originated abroad.<sup>58</sup>

The total imports of leather goods in FRG can be seen from table 6.3, which covers items like suit cases, other travel goods, Handbags, Briefcases, spectacle cases, other containers belts. The prospect and growing trend of the market can be deemed on this limited available information.

The competition is also likely to be major factor in the FRG market in the different sectors of the leather goods production, while imports are low in small leather goods like presentation articles and some travel goods branch. The situation in ladies bag is attractive and in growing trend, which accounted for 61.2% of total imports. The same development seems for belts and spectacle cases. Besides above analysis more can be made from the table 6.5.

From the table 6.4 this can be gathered easily that the supplier countries are mostly from Europe and they have upper hand on the business in FRG market. Italy is the leader with 40% share of the total imports, second is the Hongkong with 12% and Taiwan with 7%. The share of imports from the EEC countries are in



TABLE - 6.4.6.5 & 6.6Imports from EEC Countries in Percentage of the  
Total Imports to Germany

	1976	1977	1978
Suitcases	61.3%	57.2%	60.0%
Other travel goods	50.5%	48.7%	44.6%
Handbags	69.5%	71.8%	76.1%
Briefcases	27.4%	26.4%	21.6%
Spectacle cases	59.5%	74.4%	76.6%
Other containers	65.5%	71.3%	60.7%
Belts	67.3%	69.5%	56.1%

CHANGE IN IMPORTS OF SELECTED LEATHER GOODS  
FROM 1976-1978

	Quantitywise	Valuewise
Suitcases	+ 37.7%	+ 84.7%
Other travel goods	+ 22.4%	+ 34.6%
Handbags	+ 15.7%	+ 32.0%
Briefcases	+ 10.7%	+ 66.9%
Spectacle Cases	+ 103.7%	+ 82.6%
Other Containers	+ 11.6%	+ 9.7%
Belts	+ 61.1%	+ 64.4%

SOURCE:- STATISTICS LEATHER GARMENTS

German Imports of Leather Goods from the Main  
Developing Countries and Hong Kong

Country of Origin	1977 ( 1000 DM )	1978	Change in %
Taiwan	9,497	15,575	+ 64.2%
Hong Kong	11,406	14,101	+ 23.6%
South	10,108	13,648	+ 35.0%
Brazil	10,354	9,744	- 6.3%
Uruguay	6,876	7,038	+ 2.3%
India	5,191	6,788	+ 30.8%
Lebanon	4,567	5,250	+ 14.9%
Other developing countries	14,093	15,152	
Total imports from developing countries	72,092	87,296	+ 21.1%

SOURCE:- STATISTICS LEATHER GARMENTS

decreasing trend except for few goods, because of the costly labour affairs. So the third world entering with better prospect in the market, which have bright prospect for future. So India can fully avail the opportunity for leather travel good available in the FRG market.

### FOREIGN TRADE WITH THIRD WORLD COUNTRIES

The rich countries may have a strong commitment to the status quo. But vulnerable competitive world have compelled them to augment trade relationship between developing countries. Because of the cheaper labour cost. The production proves to be cheaper than their own manufacturing cost.

During the last five years the imports from developing countries and Hong Kong increased considerably. In 1978, developing countries have 25% share in German imports of goods. In 1978 Taiwan was the largest exporter to FRG. And Indian position has improved since last two years and she has captured a good market share of leather travel goods.<sup>59</sup>

The relative assessment can be made till 1978 from table 6.6. And the table 6.7 will give the other idea of increasing steadily leather travel goods imports in FRG.

As one can take into account that the main developing countries became more and more competitive to the EEC countries and the German leather goods industry. From Table 6.8 it can be seen

TABLE-6.7&6.8Imports of Leather Goods from Developing Countries (Valuewise)

( in 1000 DM )

	1976	Share in % of the total imports	1977	Share in % of the total imports	1978	Share in % of the total imports
Suitcases	2,034	17.3	4,351	25.6	6,335	29.3
Other travel goods	2,195	27.3	3,706	31.7	4,791	44.2
Handbags	40,588	21.8	46,118	21.4	46,107	18.8
Briefcases	1,472	29.6	2,339	29.6	3,061	37.0
Other containers	12,924	20.6	10,707	13.6	14,228	20.6
Belts	5,670	16.8	5,096	11.3	12,858	25.6

GERMAN IMPORTS FROM INDIA (IN DM 1000)

	1976	1977	1978	1979
Suitcases	-	-	-	-
Other travel goods	-	86	110	190
Handbags	1,524	3,225	4,152	6,142
Briefcases	-	-	-	-
Other Containers	1,107	1,880	2,526	3,826
Belts	-	-	-	-
Spectacle Cases	-	-	-	-

SOURCE :- LEATHER STATISTICS BOOKS.

that India's export among the developing countries increased considerably. But we should not content with it, the chances which have been offered by the FRG market are still not exploited fully, the root cause is the bad finishing and less facilities provided to the exporters.

Now, here it would be better to mention in brief that, the developing countries, their solely effort to explore the market opportunity in leather goods is in better way, ought to concentrate on the product adaptability factor. In the FRG market, the German taste, European style leather travel goods as well as consumer satisfaction ought to be before exporter, while at the time of entering into the market.

#### MARKET SIZE AND APPARENT CONSUMPTION

##### 1. Main Features of the Market:

Leather goods which constitutes no more than 3 to 8% of the total output of the major luggage manufacturers which dominate the export trade. Artisinal producers in the FRG market have domination of soft sided luggage. These producers only look after the home market and not participate in foreign trade. Inevitably the demand of leather goods have risen substentially and the consumer affluence and product adaptability have been measured. Consumer prefer to take leather goods for luxury as well as for travelling.

Small luggage leather items have very good demand in the market. S<sup>2</sup> here big leather goods manufacturers are not successful. On the other hand artisinal producers does not cover the demand due to the short production they do, because they do not have ample resources to meet the requirements of the demand. Inspite of this the demand is in rising position.

#### COMPETITION:

For every products there is culnerable competition in the world market. So in the FRG market from different corners of the world participate in the competitive market. They are domestic manufacturers and manufacturers from other EEC countries, as well as countries from other spheres too.

The following reasons which attracts competitors in the FRG market.<sup>60</sup>

- ... First the abolition of internal customs duties among EEC member countries.
- ... Secondly, the introduction by EEC the GSP in favour of developing countries. Under which leather travel goods manufactured in developing countries are granted duty free entry with quota limits.
- ... Thirdly, rising production costs and prices of domestically produced leather goods.

The market share have been captured by the leather fashions goods manufacturers. Like Eastern European countries,, they have good recognition in non fashions goods too such as small leather goods,

briefcases and document cases and travel or shopping bags. Lebanon has successfully captured the market with goat skin trend/shopping bags.

#### PRICES AND MARGINS:

For achieving the desired rate of growth in exports, effective pricing policy for exports constitutes an essential element.

Pricing is like a tripod, the three legs being costs, demand and competition.<sup>61</sup>

Prices of all types of leather goods varies. And there can be classified on the basis of product and market. In international marketing, being marginal suppliers, exporters from the developing countries have practically no control over the price and have often to sell their product below cost.

The prices of all types of leather goods tend to fall into three categories, low, medium and high. For example, low priced suitcases retail under 50 DM, medium priced at between 50 DM and 120 DM and high priced at over 120 DM. In the medium and high priced leather luggage the retail mark ups are high, it is reaching 80% in many specialized shops. Retailers have lower mark-up like 50% to 60% in discount stores and mail order houses.<sup>62</sup>

The price build up for a leather travel good, can be illustrated here, and it can be brought here with the co-operation of

IGCC surveyors.

Manufacturers selling price	::: 60,---- DM
Retailers Mark ups	::: 42,---- DM
Value Added Tax(12%)	;;; <u>22 DM</u>
Retail Price	::: <u>113, 22 DM</u>

The total sales of leather goods may be divided among various categories of retail outlets as follows:<sup>63</sup>

- a). Independent specialized  
retailers and retail chains ... 60%
- b). Departmental stores and  
mail order houses ... 30%
- c). Other non specialised trade ... 10%

For further information, the list of departmental stores and mail order houses is given in Annexure-II.

THE PERTINENT SITUATION OF SELECTED LEATHER GOODS  
IN THE FRG MARKET

It is plausible for exporters and from Third World countries, that when they are entering into the international marketing, they ought to have full knowledge and information about the product, consumer affluence, their satisfaction and channels of distribution. If all these ways would be measure

in the effective way, then the direct consequences come in favour of trade promotion. For the particular item, the first hand knowledge as well as selected goods demand in the market is essential for the exporters. Here I am giving the market condition of the selected leather items.

(a). Suit Cases: The segment of suitcases manufacturing have not adequately captured by the home manufacturers due to the high labour costs, unavailability of skilled workers. Prices are rising, due to it, and yet export were not sufficient to reduce the high costs. Import of leather suitcases have less share due to the quality being given by the domestic manufacturers are high.

(b). Ladies Handbags: Fashion have great impact on leather industry. With a share of about 30% of the total production, the manufacturer of ladies handbags, children's bags and shopping bags holds an important position. Highly fashionable ladies handbags sector, new models which match the clothing and shoe fashions have to be introduced twice a year. Due to the trend towards high value quality goods the use of leather has gain increased.

(c). Travel Goods, Briefcases, Sports Goods: Under the heading saddlery, harness makers goods and allied products which, with a production share of about 45% is the most extensive branch, the manufacturer of all types of travel goods, men's bags, briefcases, Knapsacks, fittings and sports goods are included. However



in last few years fashionable influences, mainly with regard to colour, are on the increase.

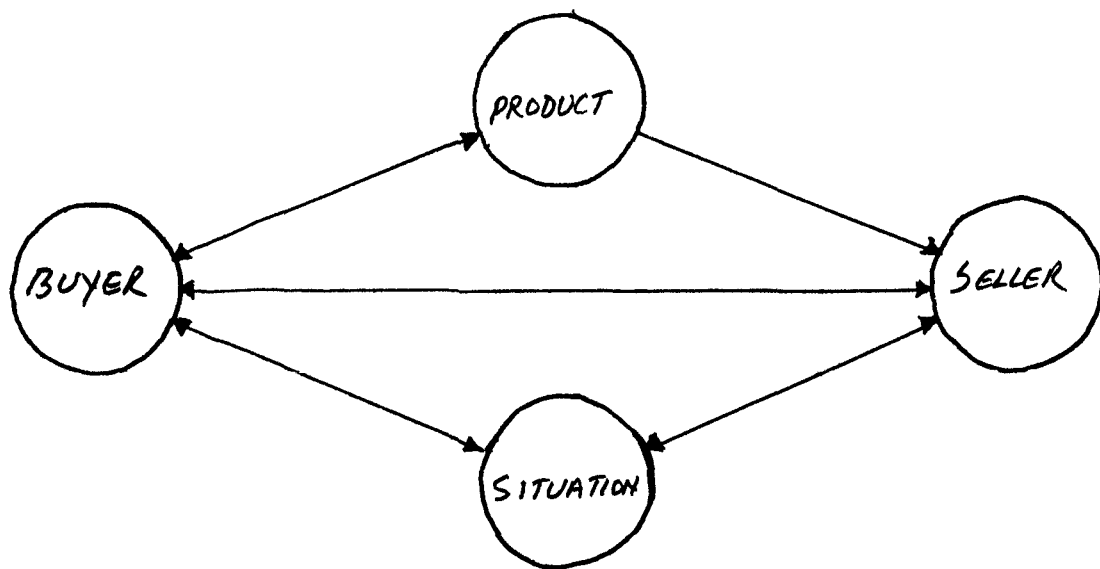
(d). Small leather goods, Presentation and Advertising Articles:

This sector has a share of approximately 25% of the entire leather goods production. In the small leather goods branch, the use of leather is most strongly noticeable. Market share is small in this segment.

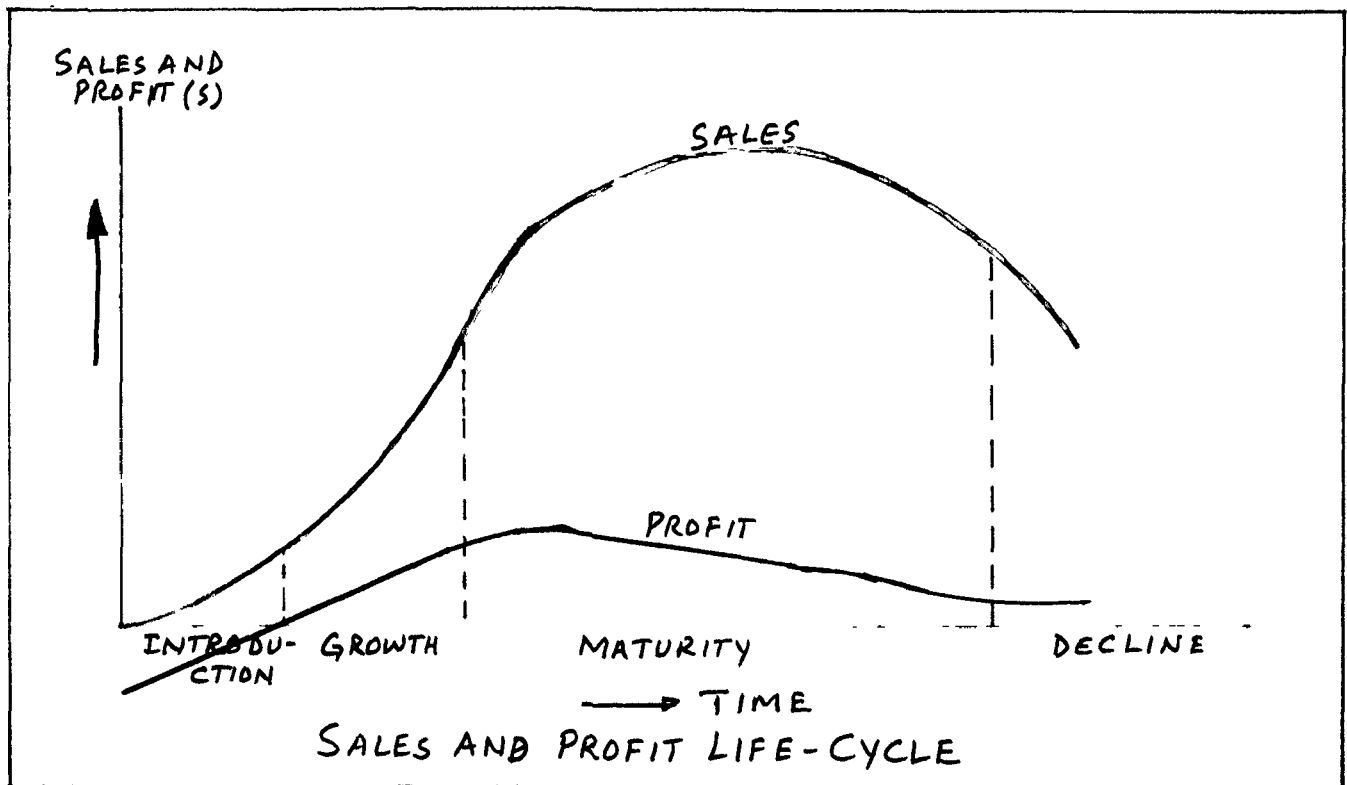
Now the market can be seen from another angle too. The above gathered information is some what sufficient for further study.

CONSUMER BEHAVIOUR

Demand for leather travel goods is rising in FRG according for an estimated one tenth of the overall demand for leather goods (including shoes, garments, furniture) or considerably more than in other importing countries. German being traditional has not been influenced by the fashion earlier, but now the case is not the same, ~~thn~~ the other countries. Not only German, France and Italy prefer traditional goods, so that is why, exporter, retailers and manufacturers should keep in mind this. So the developed countries are concentrating more on it. Now consumer in Germany have begun to regard luggage as a fashion article rather than as a functional product that is brought every 10 years or so and stored for long



MAJOR FACTORS EFFECTING THE BUYING PROCESS



period in the attic. Moreover, with increasing foreign travel, tastes are changing rapidly and there is greater willingness to buy novelties and foreign travel has become more and more popular in FRG during the last years.

According to a random survey of the suit case market in FRG, the two principal features influencing the choice of a piece of luggage are price (44% of the main motivation and weight 31%). Then colours (10%), fashion (9%) and various other features (6%). In the choice between soft-top and hard-top luggage, women have distinct preference for soft top. The hard top luggage would often be chosen for air travel, for handling of luggage at air ports. Formerly the preferred colour like red, blue and green etc. are in fashion etc.<sup>64</sup>

Consumer will buy only what suits them. ~~Product~~ planning broadly depend, refers to the process of determining the length and depth of the product line to be offered in the target-market.<sup>65</sup> Consumer behaviour is topic to be discussed broadly, but here I shall mention it. This one of the major marketing tools while manufacturers introduces his product in the market either it domestic or international. As we know major factors seeking consumer buying behaviour in the marketing world are buyer, seller relationship, and product presented in the prevailed situation. This can be clear by the given figure in table 6.1.

The other more important ellaboration can be made, which determines the buyer characteristics influencing sonsumer buying behaviour.<sup>66</sup>

On the basis of given figure and statement we can take into view that how important is the consumer behaviour.

The another more important factors which determines the consumer buying behaviour in the foreign market is products life cycle impact on the consumer.

Product development and adaptation are moreover not static concepts. They are dynamic because the global market itself is envowing over time.<sup>67</sup>

So keeping in view above two points consumer behaviour and product adaptation the exporters from third world countries should endeavour to follow the path which is productive. This can be clear more by the given figure in tables 6.1, 6.2 and 6.3.

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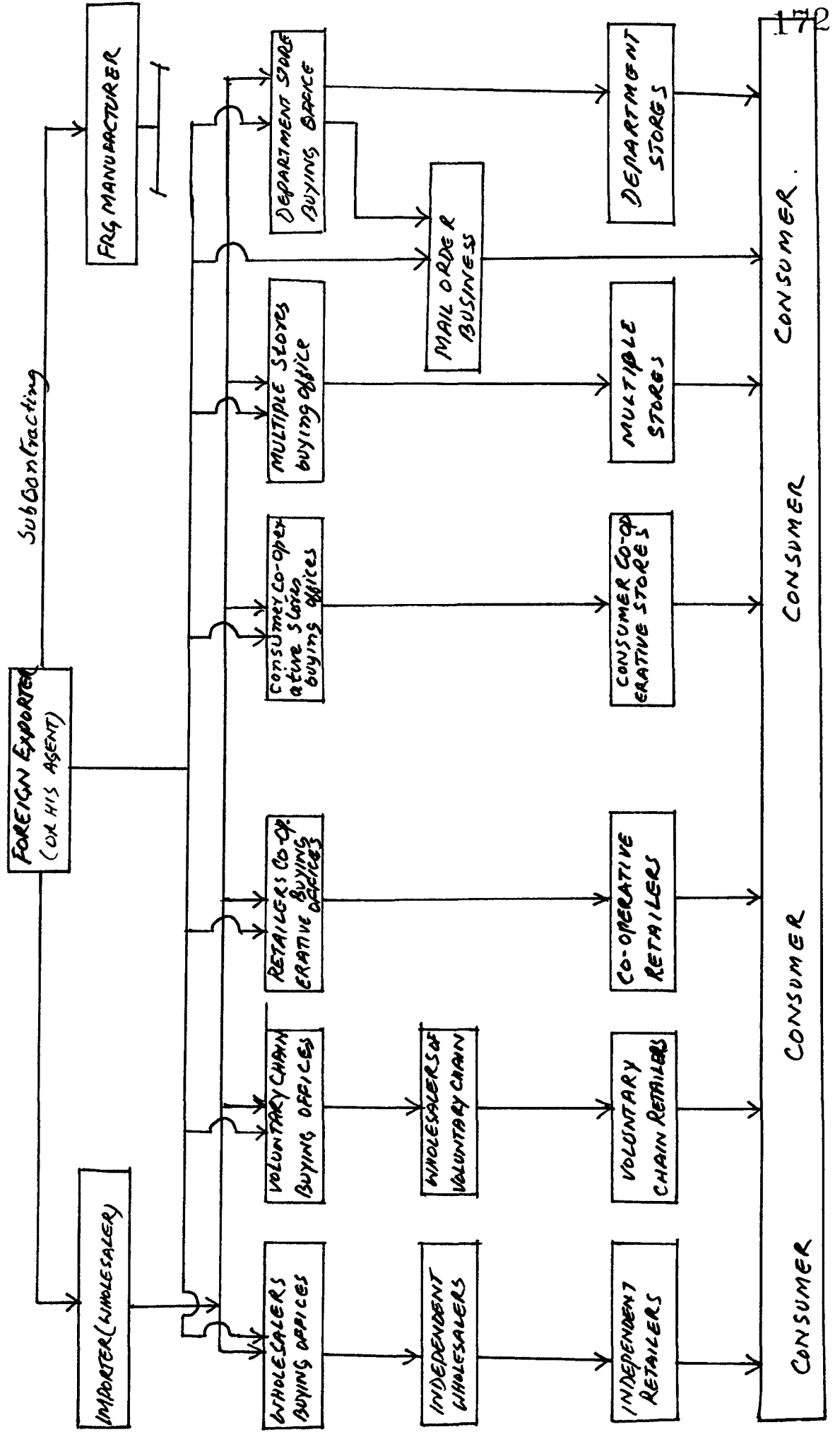
### DISTRIBUTION CHANNEL

The network of trade channels for consumer goods in the FRG is one of the most diversified in Western Europe. The market of the FRG can be approached through various channels some of which entail little, or no participation by the exporter, whereas others require his direct and active involvement. In the case of any product, the most appropriate channel would depend on the product itself, the size of the market, the price level, the exporter potential. In detail it has been discussed broadly in chapter third. These are various steps to pass for reaching to the end user.

#### a). G E N E R A L:

Overseas suppliers normally operate through agents/importers who may carry out wholesale function. Over 90% of the domestically produced leather goods are sold through agents. The agents have wider contact in the domestic market and in International Market. All Western European exporters also trade through agents or importers with wholesale functions. Fashion goods are commonly sold through agents while staple items such as small leather goods. Sometimes the importers are general merchants with long established contacts with the Far East or South America who operate on a sub agency system. The sole agency system may also be effective for overseas suppliers.

# DISTRIBUTION CHANNELS FOR LEATHER TRAVEL GOODS IN FRG



CONSUMER.

CONSUMER

CONSUMER

CONSUMER

(b). W H O L E S A L E R S:

About 10 <sup>68</sup>wholesalers are registered in the Laderwaran Adressbuch. ~~Some~~ of them are also importers selected wholesalers/importer of leather travel goods are listed in Appendix-10.

(c). A G E N T S:

There are about 800 agents in FRG for leather Goods and they have established their own associations. Detail about this has been discussed in Chapter-III.

(d). B U Y I N G   G R O U P S:

There are three main buying group organisation, who are dealing in leather travel goods it is in Offenbach. This organisation has mainly independent retailers as members. Many medium and small departmental stores co-operate through the following central buying organisation. And there is buying group for Leather Goods operating on an international basis with members in many European Countries.

(e). D E P A R T M E N T   S T O R E S   A N D   M A I L   O R D E R   H O U S E S:

Department stores estimates their imports of leather goods at 15% of their total leather goods purchases. The major department Store chain in FRG by through central buying offices.

(f). OTHER NON-SPECIALIZED RETAIL SHOPS:

Retail outlets other than department stores and specialized retail outlets account for some 10 to 15% of the total turnover. The types of outlets that have leather goods as a side line are; shoe shops, textile shops, gift article shops, Boutiques, Tobacco shops, in these included gift item. The distribution channel can be seen for the consumer goods in FRG from 6.4. The main importers address is given in the Annexure-9.

COMMERCIAL PRACTICES

The commercial practices of Indo-FRG trade is very much liberal and easily accessible. Under the EEC Policies India is enjoying better trade relation terms. In these every possible steps would be discussed here.

a). TRADE TERM:

Leather goods of European origin are normally imported free border by rail, or with free delivery by truck. Import terms for goods from the Far East, South America or Africa are normally c.e.f. Hamburg or Antwerp f.o. to term can be negotiated.

Payment term for intra European trades are normally 30 to 90 days credit, with discount as follows:

Within 10 days	:::	3%
Within 30 days	:::	1%.



Overseas suppliers are expected to offer cash against document terms. Better credit terms can be negotiated for regular business.

b). PACKAGING:

Packaging is an important element in the formulation of the marketing plan for a product. The term 'Packaging' is recently being used interchangeably to mean both 'Packaging' proper as well as Packing. Traditionally, packaging refers to the unit or retail or consumer container and 'Packing' to transport container.<sup>69</sup>

Packaging depends on types of commodity, distances and methods of transport, goods should be retail packed whenever practicable and when buyers so advise.

c). BUYING FREQUENCY:

Buyers purchase leather goods exclusively on a sample basis and their mail order vary in size. It is very important to note the intervals between presentation of samples and delivery of fashion products in the two seasons, which in FRG as follows:

Delivery: May to September.<sup>70</sup>

The importers/wholesalers place orders for classical type goods throughout the year since these are bought and sold throughout the year. To ensure the continuous business relationships a completely up-to-date collection of goods must be presented to buyers each season.

d). QUALITY CONTROL:

Testing materials used is necessary to make sure that the goods are manufactured according to sample. Quality control is the one of the major factor which have greater impact on the consumer buying behaviour. The better the quality the better chances of promotion in the foreign market.

e). DELIVERY TIME:

Delivery should be effected within two or three months from date of the receipt of the order or letter of credit as mutually agreed in between the buyer and seller. Delivery schedule have greater say in the foreign market, particularly for leather travel goods.

### MARKET ACCESS

Market access is one of the major factors which decide the promotion of trade in the international market. Market Access I have discussed at length in the Third Chapter. From point of view, in the promotion of leather travel goods, what I feel to discuss here which is meaningful too, for getting the better share of target market. So this can be brought up as follows:

#### GERMAN IMPORTS UNDER THE GENERALISED SYSTEM OF PERFECTNESS: (GSP)

As a result of mounting consumer affluence, demand for luggage has strongly increased. Since domestic production has been

unable to meet demand and since more and more developing countries are likely to be competitive in leather travel goods international market. The prospects for penetration of the market by these countries are favourable specially in view of the GSP. In each Calender year, duty free imports into the EEC countries are allowed on the basis of a quota system.

In 1981, EEC grants to 124 developing countries and 23 dependent near the following duty free import, concession regarding leather, which I have given in the Annexure-8 for detail. The total amount of manufactured and semi-manufactured goods which is allowed to be imported duty free from all developing countries has been increased in 1979 by 1.5% to 5.2 billion U.a (U.a unit of account = Rs.15.84). The 1979 quota for leather travel goods is 13763730 u.a 27.5% of this total quota (2632192) can be imported duty free into FRG. As soon as the quota in any one member country of the EEC is fully utilized, the full duty rate will automatically be levied on any further imports for the rest of the Calender Year.<sup>71</sup> The tariff would be 7.5% for leather travel goods (1979). Detail for this is given in the table 6.9. There is slight changes have been taken place in current year, which can be seen in Annexure-8 for detail information.

Besides that there is also another way for accessing to the market of FRG. Like GATT, UNCTAD, world Bank. They have declared support on concessional rate to developing countries in the world trade. So it is opportune for India to utilize the available opportunity.

### PROMOTION OF PRODUCT

To get the ~~better product prospects~~ exporting firms wants to sell abroad to the notice of the potential buyers is a much more difficult task than the corresponding task in domestic marketing. The buying process the method of promotion, the distribution channels in the target market different from the corresponding elements at home. The international promotion is essentially a cross-cultural communication and therefore international promotion will have to take into account the social customs, attitude, beliefs and such other factors. Of the various means of promotion, such as advertising direct mailing, point of purchase displays, trade fairs and exhibitions, advertising is most susceptible to such sociological differences.

But despite the differences "advertising task is essentially the same at home or abroad - namely to communicate information and persuasive appeals effectively. It is only specific advertising messages and media strategy that sometimes must be changed from country to country."<sup>72</sup>

After deciding to participate in the FRG market one of the most important condition for exporter is to develop a strategic advertising policy. For this the various Indian settled organisation is working. One of the main body to co-operate in this field in the INDO-GERMAN CHAMBER OF COMMERCE, besides this TDA, Trade Fair Authority Development. Export promotion councils. In this context

the general recommendation can be considered.

#### GENERAL RECOMMENDATIONS:

Presentation of product either through the traditional distribution channels, through a representation in FRG or in trade journals and fashion books. Layout and quality of publicity material (Catalogue, Colour Photographs etc) must be of high standard.

Participation in fairs and exhibitions, analysis of fairs and follows up activities.

Generating of a certain amount of publicity by public relation activities.

Establishing of a favourable image of the Indian manufacturer and his product.

To assist interrelated parties in this respect, there are consulting firms in FRG and all over Europe.

#### COLLABORATION BETWEEN INDIAN AND GERMAN FIRMS:

Leather goods belong to those items where no foreign collaboration is considered necessary (Govt. lit of 28.12.78)<sup>73</sup>. Import of technology in this field might, however, be considered if:

- a). indigeneous technology is held by traditional manufacturers in this line and not available to new enterprenuers on competitive terms
- b). technology is required in order to uptodate existing technology in India to meet efficiently domestic requirements as well as entering the export market.

- c). such import is required for manufacturers of items lacked by guaranteed export orders.

SERVICES AND FACILITIES OF THE INDO-GERMAN CHAMBER OF COMMERCE:

For getting better trade relation in between India and FRG it is necessary to look into the sources which is offered by the INDO-GERMAN CHAMBER OF COMMERCE in abyss. This body is solely rendering services for promoting trade promotion and as a guide for better prospects of the product.

INDO-GERMAN CHAMBER OF COMMERCE offers the following services regarding trade fairs.

Detail information on fairs; Guidance regarding suitable goods and display; Market information; Information on German import and customs regulation; Sales promotion and Propaganda; Space booking; Preparation of trade literature; Helping Companies regarding stand construction and decoration; Arranging stand Personnel and interpreters; Selling fair passes and trade fair catalogues; Hotel booking etc, Personnel assistance through the Dusseldorf office of the Chamber:

So far participating in the world trade fair for leather products in FRG and in India itself, it is advisable to participate in both the countries. In their important exhibition which held every year. In 1979/80, five times exhibition for leather goods have been managed.

~~For export of finished leather goods as well as leather~~  
products ~~like leather travel goods, leather Garments and Footwear~~  
has increased tremendously. For far ~~the above development Govt. of~~  
India made separate council ~~that is so called LEXPORT, it is subsi-~~  
diary of the leather export promotion council. Commonly it is  
known as Export Promotion Council for finished leather and leather  
Manufacturers. So with the help of this the export can be promoted  
for leather travel goods. For detail the financial ~~exporters can~~  
be consulted of ~~3 March, 1981.~~

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NOTES

1. "Facts about Germany", P.16, See also "How to Export FRG," P.1.
2. Ibid, P. 17, See also "Europa," 1981. Vol. I.
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## India's exports / Germany's imports : Main items and scope for Indian exporters

### Main Indian export items 1978/79 : Scope for Indian exporters in the German market

In 1978/79, India exported goods of a total value estimated at Rs. 57.26 billion. Among the various items exported, diamonds (other than industrial diamonds, cut or otherwise worked, but not mounted or set) headed the list, exports amounting to Rs. 6.69 billion. Tea ranked second, tea exports valued at Rs. 3.41 billion.

Germany continued to be India's fifth largest buyer, German imports from India amounting to Rs. 2.73 bil-

lion. However, with respect to the 25 main items exported by India during 1978/79, India was Germany's main supplier in the case of only 5 items, namely tea, cashew nuts, oil cakes and other residue of groundnuts, goat skin lining and cotton blouses for women, girls and infants. Among these items, the highest percentage share in total German imports was recorded in the case of goat skin lining (72.8%), followed by oil cakes and other residue of groundnuts (43.5%) and tea (38.6%).

A list of the 25 items and their export values is given in the following table. In addition to this, the table also gives the corresponding values of Germany's imports of these items, wherever possible, together with a brief analysis of the origin of these imports, highlighting India's position in each case.

(in Rs. million)

Item (CCT No.)	Total Indian exports 1978/79	Total German imports 1979 (%-share in total German imports)	Germany's main suppliers/ India's position 1979
Diamonds, other than industrial diamonds, cut or otherwise worked, but not mounted or set (71.02)	6 686.3	48.4	n.a.
Tea (09.02)	3 404.5	456.8	India 38.6 Sri Lanka 24.8 China 11.2
Iron ore, not agglomerated (26.01)	2 271.3	7 235.9	Brazil 23.5 Sweden 13.5 Australia 13.4 India 0.2
Prawns and shrimps (03.03)	1 995.7	164.3	China 24.6 Netherlands 13.4 Denmark 12.4 India 5.9
Coffee, not roasted (09.01)	1 407.5	12 302.4	Colombia 32.5 El Salvador 13.3 Kenya 7.5 India 0.5
Beet and cane sugar, white, coloured or flavoured (17.01)	1 318.6	462.6	France 65.3 Belgium/Luxembourg 23.1 Netherlands 4.6 India —
Cotton shirts for men (61.03)	1 223.5	1 343.3	Hong Kong 19.6 India 10.9 Italy 9.5
Woven fabrics of jute or of other textile bast fibres of heading No. 57.03 (57.10)	957.9	196.7	Belgium/Luxembourg 27.1 Netherlands 23.9 France 12.0 India 10.4

CONTD.

ANNEXURE -1 CONTD.

(in Rs. million)

Item (CCT No.)	Total Indian exports 1978/79	Total German imports 1979	Germany's main suppliers/ India's position (%-share in total German imports) 1979	
Bars, rods, wires, sections, plates, sheets, strips and the like, of silver (71.05)	931.8	48.9	Switzerland	32.2
			France	27.1
			USA	13.7
			India	—
Tobacco, wholly or partly striped, flue-cured Virginia type (24.01)	913.1	253.3	Brazil	32.4
			Thailand	18.3
			South Korea	10.3
			India	35.3
Cashew nuts (08.01)	802.3	68.8	Mozambique	25.2
			China	22.0
Woven fabrics of cotton, containing 85% or more by weight of cotton, unbleached, other than terry fabrics and gauze (55.09)	760.5	1 551.2	France	28.4
			Japan	7.5
			Switzerland	6.8
			India	5.6
Oil cakes and other residue, excluding oil dregs, of groundnuts (23.04)	741.0	156.2	India	43.5
			Argentina	43.1
			Sudan	8.5
Cotton blouses for women, girls and infants (61.02)	714.7	867.1	India	24.8
			Italy	15.1
			Hong Kong	13.2
Carpets, carpeting and rugs, hand-knotted, of wool or fine animal hair (58.01)	662.3	4 765.6	Iran	49.4
			India	14.3
			Morocco	9.8
Wheat, other than seed (10.01)	645.0	1 912.9	France	53.9
			USA	17.9
			Netherlands	14.6
			India	—
Sacks and bags, of a kind used for the packing of goods, of jute or of other textile bast fibres of the heading No. 57.03 (62.03)	612.6	69.3	Bangladesh	56.9
			India	26.1
			Netherlands	7.0
Goat and kid skin leather, other than that only tanned, excluding lining (41.04)	594.5	435.2	Italy	50.0
			India	30.5
			France	4.5
Nutmeg, mace and cardamom (09.08)	560.9	47.4	Indonesia	35.7
			Gautemala	31.0
			Grenada	15.7
			India	2.4
Goat and kid skin leather, not further prepared than tanned, excluding vegetable tanned (41.04)	526.3	37.2	Bangladesh	34.3
			Pakistan	19.5
			Nepal	13.2
			India	10.6
Medicaments, other than those containing hormones or products with a hormone function, antibiotics, or derivatives thereof, alkaloids or derivatives thereof (30.03)	488.8	1 832.8	Switzerland	26.5
			France	17.9
			UK	16.6
			India	0.2
Pepper (09.04)	484.3	339.8	Indonesia	22.0
			Malaysia	18.7
			Brazil	14.4
			India	0.8

**ANNEXURE -1 CONTD.**

(in Rs. million)

Item (CCT No.)	Total Indian exports 1978/79	Total German imports 1979	Germany's main suppliers/ India's position (%-share in total German imports) 1979	
Leather, other than bovine cattle leather and equine leather, sheep and lamp skin leather, goat and kid skin leather, chamois-dressed leather and patent leather, other than that only tanned (41.05)	383.6	276.8	Japan	22.6
			Yugoslavia	14.9
			France	12.2
			India	0.5
Rice, milled (10.06)	382.2	294.7	Belgium/Luxembourg	52.8
			Italy	39.4
			Thailand	3.8
			India	—
Goat skin lining (41.04)	303.6	30.4	India	72.8
			Netherlands	5.9
			Nepal	13.1

1 DM = Rs. 3.90

**Main German import items 1979 :  
India's position and scope**

Starting with main German import items, quite a different picture presents itself. Petroleum oils and oils obtained from bituminous minerals (crude) and fuel oils (light) head the list. India features as a supplier to the German market in only 7 cases out of 40, her share

in total German imports varying from 0.01% to 0.6%.

A study of total Indian exports partly explains this fact: with respect to main German import items, total Indian exports are negligible or even nil in quite a few cases. Again difference in classification systems gives rise to statistical difficulties, so that it is not possible to obtain corresponding figures in all cases.

(in Rs. million)

Item (CCT No.)	Total German imports 1979	Total Indian exports 1978/79	Germany's main suppliers/ India's position (%-share in total German imports) 1979	
Petroleum oils and oils obtained from bituminous minerals, crude (27.09)	116 591.1	—	Libya	17.5
			Saudi Arabia	14.1
			Nigeria	13.7
			India	—
Fuel oils, light (27.10)	31 474.1	43.7 (a)	Netherlands	45.4
			USSR	12.3
			Belgium/Luxembourg	10.5
			India	—
Motor vehicles for the transport of passengers, excluding vehicles designed for the transport of both passengers and goods, with an engine of a cylinder capacity of 1500-2000 cc or more, new (87.02)	13 633.5	7.7 (b)	Belgium/Luxembourg	50.4
			France	18.3
			Japan	17.3
			India	—
Motor vehicles for the transport of passengers, excluding vehicles designed for the transport of both passengers and goods, with an engine of a cylinder capacity of 1000-1500 cc or more, new (87.02)	12 902.0	7.7 (b)	Belgium/Luxembourg	35.4
			France	30.3
			Italy	12.3
			India	—

ANNEXURE - 1 CONTD.

(In Rs. million)

Item (CCT No.)	Total German imports 1979	Total Indian exports 1978/79	Germany's main suppliers/ India's position (%-share in total German imports) 1979	
Coffee, not roasted, not freed of caffeine (09.01)	12 247.3	1 407.5	Colombia	32.6
			El Salvador	13.4
			Kenya	7.5
			India	0.5
Light oils, for undergoing a specific process (27.10)	10 463.0	43.7	Netherlands	47.0
			USSR	18.4
			Romania	11.7
			India	—
Flying machines, other than those not mechan- ically propelled and helicopters, of an unladen weight exceeding 15 000 kg. (88.02)	8 806.2	—	France	76.4
			USA	23.6
			India	—
Gold coins (72.01)	7 691.6	—	Republic of South Africa	71.1
			Canada	17.3
			UK	5.6
			India	—
Soya-beans, not for sowing (12.01)	7 221.9	—	USA	73.4
			Argentina	20.2
			Brazil	4.2
			India	—
Iron ore, not agglomerated, containing over 42% of iron (26.01)	7 091.8	2 271.3 (c)	Brazil	23.9
			Sweden	13.7
			Australia	13.7
			India	0.2
Compounds of natural as well as concentrated Uranium (28.50)	6 915.0	—	USSR	47.5
			USA	40.4
			Niger	3.0
			India	—
Refined copper, excluding alloys (74.01)	6 087.5	0.013	Chile	30.8
			Belgium/Luxembourg	25.6
			Poland	15.1
			India	—
Gold, unwrought (71.07)	5 895.4	—	Switzerland	50.3
			USSR	14.7
			USA	12.2
			India	—
Parts and accessories for machinery falling under Tariff No. 84.53 (84.55)	5 201.8	1.3	USA	33.9
			France	26.4
			UK	8.1
			India	—
Women's shoes with leather uppers, with insoles of 24 cm or more (84.02)	4 579.2	44.7 (d)	Italy	72.4
			Austria	5.1
			France	3.6
			India	—



## ANNEXURE - 1 CONTD.

(in Rs. million)

Item (CCT No.)	Total German imports 1979	Total Indian exports 1978/79	Germany's main suppliers/ India's position (%-share in total German imports) 1979	
Gas oils, for undergoing a specific process (27.10)	4 181.7	n.a.	USSR	60.6
			Romania	12.7
			Canada	5.7
			India	—
Cocoa seeds (18.01)	3 859.0	—	Ivory Coast	35.7
			Nigeria	12.9
			Ghana	10.2
			India	—
Parts of aircrafts, other than airships and balloons (88.03)	3 833.4	0.316 (e)	UK	46.9
			France	35.6
			USA	8.1
			India	0.03
Peripheral input/output units (84.53)	3 682.4	—	USA	36.5
			UK	27.4
			Sweden	13.9
			India	—
Furniture of wood for drawing and dining rooms (94.03)	3 633.6	1.9	Italy	35.6
			Belgium/Luxembourg	15.7
			Romania	7.5
			India	0.04
Polyethylene of a specific weight of less than 0.94 (39.02)	3 473.8	4.3 (f)	Belgium/Luxembourg	31.7
			Netherlands	23.6
			France	22.1
			India	—
Cotton trousers for men (61.01)	3 449.9	19.2	Italy	16.7
			Hong Kong	14.8
			Belgium/Luxembourg	11.7
			India	—
Fur clothing and accessories (43.03)	3 354.0	4.1	Greece	50.0
			Uruguay	6.3
			Hong Kong	5.0
			India	0.6
Diesel (27.10)	3 343.2	n.a.	Netherlands	45.4
			USSR	28.4
			France	11.9
			India	—
Petrol, super (27.10)	3 321.5	n.a.	Netherlands	55.3
			Belgium/Luxembourg	15.1
			France	11.9
			India	—
Central units and processors (84.53)	3 316.0	—	USA	33.4
			UK	26.7
			France	23.4
			India	—
Jet fuel, medium (27.10)	3 244.8	n.a.	Netherlands	72.3
			Belgium/Luxembourg	15.2
			France	3.5
			India	—

ANNEXURE - 1 CONTD.

(in Rs. million)

Item (CCT No.)	Total German imports 1979	Total Indian exports 1978/79	Germany's main suppliers/ India's position (% -share in total German imports) 1979	
Parts and accessories for the industrial assembly of motor vehicles (87.06)	3 211.4	105.9	France UK Belgium/Luxembourg India	30.8 28.0 8.8 —
Newsprint, other than that falling under Tariff No. 4801.010 (48.01)	3 100.7	—	Sweden Finland Norway India	38.3 24.5 12.7 —
Oil cakes and other residue of soya-beans (23.04)	3 091.6	87.1	USA Brazil Netherlands India	39.0 30.2 27.2 —
Sheets and plates, other than that of corrugated iron, not further worked than hot-rolled, of a thickness of more than 4.75 mm (73.13)	3 079.3	1.9	Belgium/Luxembourg Spain UK India	31.4 10.1 9.5 —
Parts and accessories for motor vehicles, falling under Tariff No. 8706.995 (87.06)	2 997.5	182.9 (g)	France Italy UK India	40.6 18.6 8.7 0.04
Carcasses or half-carcasses of swine, fresh or chilled (02.01)	2 979.0	0.011	Netherlands Belgium/Luxembourg Denmark India	69.9 13.8 11.4 —
Unwrought aluminium, excluding alloys (76.01)	2 977.8	0.176	Norway UK Iceland India	42.3 19.5 6.1 —
Tyre cases for passenger vehicles, new (40.11)	2 958.3	12.0 — —	France Belgium/Luxembourg Italy India	34.8 16.7 12.1 —
Maize, other than that for sowing (10.05)	2 951.8	0.005	USA France Argentina India	59.3 38.1 2.2 —
Assortment of spare parts for the maintenance, repair or equipment of motor vehicles (87.06)	2 899.1	182.9 (h)	France UK Italy India	45.3 20.4 14.2 —
Sulfate cellulose from conifers, bleached (47.01)	2 874.1	0.033 (i)	Sweden Canada USA India	37.7 27.7 19.6 —

ANNEXURE-2

<u>Firm</u>	<u>Address</u>
Rekha Warenhandels GmbH & Co. KG	Hallstrasse 46 2084 Rellingen 1
Neumann Import KG	Haegenstr. 5 3001 Anderten
Volkerttextil GmbH	Gutenbergstr. 12 2301 Raisdorf bei Kiel
Franz Bausback KG	Kunstrstr. 9 6800 Mannheim
Heimtextilen Berlin Plock & Soehne KG.	Bismarck Str. 90 1000 Berlin
Emil Roesner GmbH & Co. KG (handknotted carpets with woolmark licence)	Postfach 1305 Zuffenhauser Str. 13 7015 Korntal-Muenchingen 1
Inter-Trade Corpn. GmbH (woollen and silk carpets)	August-Bebel-Str. 24 4800 Bielefeld 1
Schauky El Sayed	Steinweg 5 3170 Gifhorn
Oertel & Co.	Am Loewenbrug 5 8671 Leupoldsgruen
Gilde International Gesellschaft fuer Textile Raumkultur mbH	Feldstr. 20 4000 Duesseldorf 30
Willi Spiess	Katharinenfriedhofstr. 2 8450 Amberg
Horst Kubentz	Am Heidberg 24 2105 Seevetal 3 (Maschen)
Hauskrecht (handmade carpets)	Olgastr. 92 7000 Stuttgart 1 (Mitte)
Heinrich Steffensmeier	Kettwiger Str. 36 4300 Essen 1
Tapetenhaus Behre GmbH	Georgstr. 12 Postfach 626 3000 Hannover
Orient-Teppiche	Blumenstr. 24 4000 Duesseldorf
Teppichhaus	Friedrich-Ebert-Str. 55-57 5600 Wuppertal-

CONTD.

<u>Firm</u>	<u>Address</u>
Dodsal GmbH	Kasernenstr. 1a 4000 Duesseldorf
Nordtek Import Export GmbH & Co. KG	Wintergasse 60 6940 Weinheim
Helex Products KG Elstermann & Co.	13, Katerkamp 2080 Pinneberg/b. Hamburg
Tsiaktanis GmbH & Co. KG	Neckartalstr. 135a 7000 Stuttgart 50 (Cannstatt)
Iberia-Teppich-Import Petzold KG	Dammwiesenstr. 10 2000 Hamburg 70
Kaschmir-Teppich-Import Heinrich & Co.	Cremon 34 2000 Hamburg 11
Teppich- und Moebelstoff- Import-GmbH	Spinozastr. 10 3000 Hannover 61
Importex Joachim Herden	Duesseldorfer Str. 38 1000 Berlin 15
Brueck & Co.	Gutleutstr. 185 6000 Frankfurt 1
Asien-Teppich-Import Wolfgang Kochmann	Wolbecker Strasse 4404 Telgte
Teppich-Hupe Gebrueder- Hupe	Papelstr. 60 2800 Bremen 1
Pemper und Co. KG	Babelsberger Str. 52 1000 Berlin 31
Gebrueder Khonsari OHG	Lindesmuehlpromenade 16a 8730 Bad Kissingen
Reinhard Leiss	Sandtorkai 23 2000 Hamburg 11...
Atlas Teppichmarkt GmbH	August-Borsig-Str. 3 8722 Sennfeld
Teppich-Import und Grosshandel M. Kratz	Augustenstr. 17 8000 Muenchen 2
Teppichhaus Eierstock GmbH	Carl-Zeiss-Strasse 5400 Koblenz
Bond Worth BW Teppich- import GmbH	Chemnitzer Str. 33 6730 Neustadt

ANNEXURE-32. Leading German Manufacturers/Exporters

<u>Firm</u>	<u>Address</u>
Besmer Teppichfabrik Mertens gmbH & Co.	Suentelstr. 5 3250 Hameln
Bremer Teppichfabrik F. Tecklenborg & Co.	Fritz-Tecklenborg-Str. 3 2800 Bremen-Grohn
DE-KO-WE Schuerholz Teppich- fabrik	POB 2025 4270 Dorsten 21
DLW Aktiengesellschaft	POB 140 7120 Bietigheim
DURA TUFTING GmbH	POB 269 6400 Fulda
Hoersteler Teppichfabrik B. J. Wilkens & Luecke KG	POB 8 4446 Hoerstel
Pegulan-Werke AG	6710 Frankenthal (Pfalz)
Herbert Reichel, Textilwerke GmbH & Co. KG	POB 1460 und 1480 4134 Rheinberg
Schaeffler Teppichwerke KG	8522 Herzogenaurach
Vorwerk & Co. Teppichwerke GmbH & Co. KG	Vorwerkstr. 9 3007 Gehrden/Hannover
WUEKOS-GMBH	Zuffenhauser Str. 75 7015 Korntal

Indian Manufacturers/Exporters

The Handicrafts & Handlooms Export Corp. of India Ltd.	Lok Kalyan Bhavan 11-A, Rouse Avenue Lane New Delhi 110 001
Transasia Carpets Ltd.	A-7, Ring Road South Extension Part I New Delhi 110 049
Auro Tibetan Handicrafts	3/9, Cimitiere Road Netaji Nagar Pondicherry 605 001
Carpeto Antique	M-45, Greater Kailash I New Delhi 110 048

CONTD.

<u>Firm</u>	<u>Address</u>
Bihar State Export Corporation Ltd. (A Government of Bihar Undertaking)	Biscomaun Building, 2nd floor West of Lawn Patna 800 001
Dalmia Udyog Prop: Dalmia Dairy Industries Ltd.	International Operations Division 1 E/1, Jhandewalan Extension New Delhi 110 055
Gaurav Overseas Exports Private Limited	16/19 F, Civil Lines Kanpur 208 001
The General Fibre Dealers Limited	5, Panna Lall Banerjee Lane 7th floor Calcutta 700 001
Hari Export (Prop: The Moradabad Spinning & Wvg. Mills Co. Ltd.)	W-46, Greater Kailash New Delhi 110 048
India Carpets and Furnishing Company	11/12, Lakshmi Mahal Bomanji Petit Road Bombay 400 036
International Business Corporation	34-R, Industrial Area B Ludhiana 141 003
Jansons & Company	Galshahid Road Moradabad 244 001
M. M. Enterprises	P. O. Box 3565 Sapna Cinema Building East of Kailash New Delhi 110 024
Pars Carpets Ltd.	B-38/1A, Mahmoorganj Varanasi 221 001
Radhika Woollen & Silk Mills Pvt. Ltd.	Allahabad Bank Building 3rd floor 17, Parliament Street New Delhi 110 001
Rushabh International	6, Mahavir Society Ahmedabad 380 007
Subhash Woollen Mills Pvt. Ltd.	182, Jolly Maker Apartments No. III 119, Cuffe Parade Bombay 400 005

<u>Firm</u>	<u>Address</u>
Unadcath Exports (P) Ltd.	Gyanpur Road Post Box No. 67 Bhadohi 221 401 Dist. Varnasi
Amersey & Sons	Feltham House, 3rd floor 10, Graham Road Ballard Estate Bombay 400 038
Anupam Carpets (India)	4, Chandni Chowk Street Calcutta 700 013
Bindu Continental Traders	7/27, Grants Building Arthur Bunder Road Colaba Bombay 400 005
B. N. P. Enterprises	Narain Katra Post Gopiganj Varanasi (U.P.)
Mehra Carpet Showroom	"Crystal", 79, Dr. A.B. Road Worli Bombay 400 018
Narinder Nath & Sons	A-15, Kirti Nagar New Delhi 110 015
Radhika India Pvt. Ltd.	118, New Delhi House 27, Barakhamba Road New Delhi 110 001
Rita International	203, Bora Bazar Street Fort Bombay 400 001
Royal Indian Carpets Manufacturing Co.	145, Keshab Chandra Sen Street 2nd Floor Calcutta 700 009
Sita Exports	F-12, Connaught Place New Delhi 110 001
Trade Ventures	123, Atlanta, 12th floor Nariman Point Bombay 400 021
Tripathi & Co.	Tripathi Chambers 245, Bazargate Street, Fort Bombay 400 001
The U.P. Export Corporation Ltd.	B-27, Sarvodaya Nagar Kanpur 208 005

ANNEX IVJournals Dealing with Carpets and  
Household Textiles

1. boden-wand-decke  
Lobrecht  
Kaufbeurer Str. 1  
Postfach 250  
8939 Bad Woerishofen
2. Haustex  
Westdeutsche Verlagsanstalt GmbH  
Bruederstr. 30  
Postfach 335  
4900 Herford
3. Heimtex  
Westdeutsche Verlagsanstalt GmbH  
Bruederstr. 30  
Postfach 335  
4900 Herford
4. Tapetenzeitung tapete + bodenbelag  
7022 Leinfelden-Echterdingen 1
5. textile heimkultur  
Schumannstr. 27  
6000 Frankfurt
6. Textil-Wirtschaft  
Schumannstr. 27  
6000 Frankfurt
7. raum + textil/Innenraummagazin  
Konradin-Verlag  
Ernst-Mey-Str. 8  
Postfach 1380  
7022 Leinfelden-Echterdingen
8. Der Wohnraumberater  
Maxmilianstr. 11  
Postfach 312  
6730 Neustadt



# DUTY-FR. QUOTAS

## ANNEXURE-5

### GERMAN DUTY-FREE HANDLOOM AND HANDICRAFT QUOTAS STILL OPEN

EEC grants duty-free entry for Indian handwoven fabrics of cotton and silk and for handicrafts up to a certain annual quota.

The following handloom fabrics are covered under the scheme:

Silk: CCT ex 50.09 Handwoven fabrics of silk, noil  
or other waste silk

Cotton: CCT ex 55.07 Handwoven cotton gauze

CCT ex 55.09 Woven fabrics of cotton, other than  
gauze, terry fabrics, narrow woven  
fabrics, pile fabrics, chenille fab-  
rics, tulle and other net fabrics,  
containing 85% or more by weight of  
cotton, of a width of less than  
85 cm, unbleached

CCT ex 58.04 Handwoven pile fabrics and chenille  
fabrics (other than terry products  
of cotton falling within heading  
No.55.08 and fabrics falling within  
heading No.58.05) in cotton, woven  
on hand looms

"Handwoven fabrics" means fabrics woven on looms moved ex-  
clusively by hand or foot.

Regarding handwoven silk, the German quota was raised to  
DM 1,995,564.--, out of which an amount of DM 1,790,881.--  
has been utilised.

Regarding handwoven cotton, an amount of DM 48,813.-- has  
been utilised from the present quota of DM 456,129.--.

Out of the handicrafts quota of DM 3,167,562.--, an amount  
of DM 1,756,050.-- has been utilised so far.

The items privileged for duty-free entry under the handi-  
crafts scheme fall under 34 different tariff headings. For  
details, interested parties may contact the INDO-GERMAN  
CHAMBER OF COMMERCE.

The quota utilisation have been given as per 16.2.1981.

ANNEXURE - 5 CONTDGSP: UTILISED QUOTAS AND PLAFONDS /  
1981 SCHEME

As in the previous years, the Chamber will also continue in 1981 to give up-to-date information about the utilisation of quotas and plafonds for duty-free imports into EEC.

As the Generalised System of Preferences has been streamlined and liberalised in 1981 in the non-textile field, there will be less items for which duty rates will be introduced in the course of the year. Except for textiles, quota restrictions have been imposed on India only regarding shoes with leather uppers (CCT No. 64.02 A). The annual quota for duty-free imports of this item from India into EEC is 3 332 000 EUA (1 EUA = DM 2.53 = Rs. 10.12). The distribution amongst the EEC members is as follows:

Germany	733 040	Ireland	13 328
Benelux	279 888	UK	559 776
France	506 464	Greece	53 312
Italy	386 512	Community	
Denmark	133 280	Reserve	666 400

After the duty-free quota has been utilised, India can import the above item into EEC only against payment of duty.

There are no further quota restrictions for India. The duty-free imports from India of all the other manufactured and semi-manufactured goods will only be observed in the import statistics of the respective EEC country. Only in emergency cases, customs duty will be introduced.

1. Up to now, the duty-free entry into Germany for 1 textile item from all developing countries, including India, has been discontinued for the year 1981, except for the least developed countries, as the quantity ceilings fixed by EEC for Germany have been utilised.

CONTD

Customs Tariff No. (CCT)	Item	Date of dis- continuation of duty-free imports	Duty rate after dis- continua- tion
-----			

ex 59.04	Twine, cordage, ropes and cables, plaited or not, used in agricultural machi- nery .	2.1.81	13%
----------	---	--------	-----

2. Duty-free entry for 13 textile items from India into Germany under the Generalised System of Preferences (GSP) has been discontinued for the year 1981, as the country-wise ceiling fixed by EEC for India has been utilised.

Customs Tariff No. (CCT)	Item	Date of dis- continuation of duty-free imports	Duty rate after dis- continua- tion
-----			

56.06-20	Yarn of regenerated textile fibres (discontinuous or waste) put up for retail sale	2.1.81	14%
58.01 ex 01;11; 13	Carpets, carpeting and rugs, knotted (made up or not) (up to 500 knots per metre of warp)	2.1.81	20%-24%
60.02-50; 60;70;80	Gloves, mittens and mitts, knitted or crocheted, not elastic or rubberized, other than those falling under CCT No.60.02-40, of wool, of cotton or of man-made tex- tile fibres	2.1.81	20%
60.05-01; 31;33;34; 35;36;39; 40;41;42; 43	Jerseys, pullovers, slip- overs, waistcoats, twin- sets, cardigans, bed-jackets and jumpers, knitted or cro- cheted, not elastic or rub- berized, of wool, of cotton or of man-made textile fibres	14.1.81	10.5%-18%
61.01-41; 42;44;46; 47	Men's and boys' woven over- coats, raincoats and other coats, cloaks and capes, other than those falling under CCT No.61.01-01, of wool, of cot- ton or of man-made textile fibres	2.1.81	17%
61.01-34; 36;37	Men's and boys' woven jackets (excluding waister jackets) and blazers, of wool, of cot- ton or of man-made textile fibres	2.1.81	17%

ANNEXURE 5 CONTD

Customs Tariff No. (CCT)	Item	Date of dis- continuation of duty-free imports	Duty rate after dis- continua- tion
61.01-62; 64;66;72; 74;76	Mén's and boys' woven breeches, shorts and trousers (including slacks);	15.1.81	17%
61.02-66; 68;72	Women's, girls' and infants' woven trousers and slacks, of wool, of cotton or of man-made textile fibres		
61.01-29; 31;32	Parkas; anoraks, wind- cheaters, waister jackets and the like, woven, of	13.1.81	17%
61.02-25; 26;28	wool, of cotton or of man- made textile fibres		
61.02-01; 03	Babies' garments; girls' garments up to and in- cluding commercial size	2.1.81	10.5%-13%
61.04-01; 09	86: Babies' woven garments, of wool, of cotton or of man-made textile fibres		
61.02-42; 43;44	Women's, girls' and in- fants' (other than babies') woven suits and costumes (including coordinate suits consisting of two or three pieces which are ordered, packed, consigned and nor- mally sold together), of wool, of cotton or of man- made textile fibres exclud- ing ski suits	2.1.81	17%
61.02-07; 22;23;24; 85;90;91; 92	Women's, girls' and in- fants' woven bath robes, dressing gowns, bed jackets and similar indoor wear and other outer garments, except garments falling under CCT Nos. 61.01-62;64;66;72;72; 74;76; 61.02-66;68;72; 60.05-22;23;24;25; 61.02- 78;82;84; 61.02-05; 61.02- 31;32;33;35;36;37; ;40;	2.1.81	17%

CONTD.

Customs Tariff No. (CCT)	Item	Date of dis- continuation of duty-free imports	Duty rate after dis- continua- tion
	61.01-29;31;32; 61.02- 25;26;28; 60.05-45;46; 47;48; 61.02-48;52;53; 54; 60.05-51;52;54;58; 61.02-57;58;62; 61.02- 42;43;44; 61.01-13;15; 17;19; 61.02-12;14; 61.01-22;23; 61.02-16; 18; 61.02-01;03 and 61.04-01;09, of wool, of cotton or of man-made textile fibres		
61.04-11; 13;18	Women's, girls' and in- fants' woven pyjamas and night dresses, of wool, of cotton or of man-made textile fibres	2.1.81	13%
62.02-12; 13;19	Bed linen, woven	2.1.81	19%

Further imports of Nos. 1 & 2 from India into Germany are unrestricted, allowed against payment of duty (see duty rates given), except for CCT heading Nos. 60.05 (sub-codes 41, 42, 43), 61.02 (sub-codes 42, 43, 44) and 62.02 (sub-code 19). For these tariff numbers, EEC has imposed quantity restrictions on imports from India, even against payment of duty, according to the bilateral Indo-EEC Textile Agreement based on the Multifibre Arrangement.

ANNEXURE -6I. Major German agents and importers  
of machine tools

WEWAG  
Westdeutsche Werkzeug-  
maschinen GmbH  
Max-Planck-Ring 28  
Postfach 25  
4018 Langenfeld

IMATEC GmbH & Co. KG  
Werkzeuge & Maschinen  
Graf-Adolf-Str. 79  
4000 Duesseldorf 1

Scheidt Maschinen und  
Eisen KG  
Gotzkowskybruecke 1  
1000 Berlin 10

Ludwigsburger Maschinenbau  
GmbH  
Moerikestrasse 81  
7140 Ludwigsburg

Andreas Plum KG  
Frauenhofer Strasse 11  
1000 Berlin 10

Heinrich Schaefer  
Heiligenhauser Str. 81  
5620 Velbert

Kriescher & Cie  
Lindemannstrasse 31  
4000 Duesseldorf 1

Adolf Unverzagt KG  
Sichelstrasse 19  
7000 Stuttgart 50

Wiedemann GmbH & Co. KG  
Fleher Str. 32  
4000 Duesseldorf

Hamburger Maschinenbau  
Jost Hinrich Raydt  
Bei den Muehren 91  
2000 Hamburg 11

Ernst Hoppe  
Gathe 71  
5600 Wuppertal 1

Philipp Gather KG  
Auf dem Huels 5  
4020 Mettmann-Metzkausen

Schaudt Maschinenbau GmbH  
Hedelfinger Str. 137  
7000 Stuttgart 61

Walter G. Fritzke GmbH  
Spezialmaschinen KG  
Am Wehrhahn 76  
4000 Duesseldorf 1

Stocko Metallwarenfabriken  
Henkels u. Sohn GmbH & Co.  
Kirchhofstrasse  
5600 Wuppertal 11

Gebr. Hoffmann  
Werkzeugmaschinen KG  
Erkrather Str. 167  
4000 Duesseldorf 1

Hommel Handel GmbH  
Donatusstr. 24  
5000 Koeln 71

Hahn & Kolb  
Koenigstr. 14  
7000 Stuttgart 1

Stawema Handelsgesellschaft  
mbH  
Stahl- und Werkzeugmaschinen-  
handel, Industrievertretungen  
& Co. KG  
Luetzowstr. 27  
4150 Krefeld 11

Bekoma Boehringer KG  
Stuttgarter Str. 50  
7320 Goepfingen

Alfred H. Schuette  
Vertriebsgesellschaft mbH  
Alfred-Schuette Allee 76  
5000 Koeln 91

Mevo-Werkzeugmaschinen  
Meiswinkel & Co.  
Rosmarinstr. 31  
4000 Duesseldorf 1

Georg Noll  
Werkzeugmaschinen GmbH  
Hansaallee 220  
4000 Duesseldorf 11

Bier Maschinen-Werkzeuge  
GmbH & Co. KG  
Oesterholzstr. 24  
4600 Dortmund 1

Rowa Maschine-Tools GmbH  
Schumannstr. 16  
2800 Bremen 1

M. Backfisch KG  
Sandhofer Str. 20  
6800 Mannheim 31

CONT.

Werkzeugmaschinen-Handelsges.  
mbH & Co. KG  
Ronsdorfer Str. 74  
4000 Duesseeldorf 1

Stoewer KG  
Grosse Brunnenstr. 120  
2000 Hamburg 50

Rubes Werkzeugmaschinen-  
Vertriebs-GmbH  
Lieversfeld 15  
5620 Velbert 1

Grauer & Karsten GmbH  
Lichtensteinstr. 62  
7730 Villingen-Schwenningen

Adolf Pfeiffer GmbH  
Edisonstr. 7  
6800 Mannheim 31

Werma Werkzeugmaschinen  
Import-Export Claus Schmidt  
Glemseckstr. 36  
7250 Leonberg

Ruhr Werkzeug GmbH  
Wildenbruchstr. 18  
4650 Gelsenkirchen

Alfred Blanck Handels-  
gesellschaft  
Schulenburg Landstr. 126  
3000 Hannover 1

Stamm & Co. GmbH  
Gut-Heil-Str. 22  
4600 Dortmund 1

Westdeutsche Maschinen GmbH  
Bahnhofstr. 159  
5300 Bonn 1

Beck & Roehm GmbH  
Frankenstr. 8  
7100 Heilbronn

Ernst Och KG  
Fischbacher Hauptstr. 156  
8500 Nuernberg

Jofo Maschinenbau GmbH  
Kaiserswerther Str. 95  
4030 Ratingen

Herbert Tapper Handelsges.  
KG  
Kaiserswerther Str. 85  
4030 Ratingen



ANNEXURE-7II. Other useful addresses

1. Member Organisation of the European Committee for Co-operation of the Machine Tool Industries (CECIMO)

Verein Deutscher Werkzeugmaschinenfabriken e.V. (VDW)

Corneliusstrasse 4  
6000 Frankfurt 1

## Members of the CECIMO:

Belgium

Norway

Federal Republic of Germany

Austria

Denmark

Portugal

France

Sweden

U.K.

Switzerland

Italy

Spain

Netherlands

2. Associations

Bundesarbeitsgemeinschaft der Mittel- und Grossbetriebe des Einzelhandels e.V.

Lindenallee 70  
5000 Cologne 51

(Association of German Retailers)

Bundesverband des Deutschen Gross- und Aussenhandels e.V.

Kaiser-Friedrich-Str. 13  
5300 Bonn 1

(Association of German Wholesalers/Importers/Exporters)

CONTD

Aussenhandelsvereinigung des Deutschen  
Einzelhandels e.V.

Weyerstr. 2  
5000 Cologne 1

(Association of Importers and Exporters  
in the German Retail Trade)

Centralvereinigung Deutscher Handelsvertreter-  
und Handelsmaklerverbaende

Geleniusstr. 1  
5000 Cologne 41

(Federation of German Agency Associations)

Fachverband Werkzeugindustrie e.V.

Elberfelder Str. 77  
5630 Remscheid 1

(Association of the Tools Industry)

#### 4. Main Banking Houses in Germany

Dresdner Bank AG

Gallusanlage 7-8  
6000 Frankfurt /Main

Commerzbank AG

Neue Mainzer Str. 32-36  
6000 Frankfurt /Main

Deutsche Bank AG

Junghofstr. 5-11  
6000 Frankfurt /Main

Bayerische Vereinsbank

Kardinal-Faulhaber-Str.  
1 u. 14  
8000 Munich 2

## **Leather items under the Generalised System of Preferences (GSP) in 1981**

In 1981, EEC grants to 124 developing countries and 23 dependent areas the following duty-free import concessions regarding leather :

### **1. Under the category *sensitive items* :**

<u>CCT No.</u>	<u>Description</u>	<u>1981 Regulation</u>	<u>Indian exports (1977-78)</u> (in Rupees)
41.02	Cow & calf leather (incl. buffalo leather), horse leather & leather of other bovine, except leather under tariff Nos. 41.06 & 41.08 : ex. C. Other leather, only tanned	For Argentina and Brazil, a strict quota* has been fixed of 4 mill. EUA*** per year, for the other countries an annual plafond** of 4.75 mill. EUA has been fixed.	a) total : 1 676 494 b) to EEC : 652 349 c) to Germany : 135 963
41.03	Sheep & lamb leather, except leather under tariff Nos. 41.06 and 41.08: B. Other leather II Others	For none of the countries a strict quota has been fixed, instead of this for all a plafond of 1.563 mill. EUA.	a) total : 77 168 124 b) to EEC : 49 597 926 c) to Germany : 12 025 383
41.04	Goat leather, except leather under tariff Nos. 41.05 & 41.08 : B. Other leather II Others	For none of the countries a strict quota has been fixed, but the plafond amounts to 1.234 mill. EUA.	a) total : 60 477 698 b) to EEC : 24 770 258 c) to Germany : 4 409 482
41.05	Leather from hides & skins of other bovine, except leather under tariff Nos. 41.06 & 41.08 : B. Other leather II Others	For none of the countries a strict quota has been fixed, but the plafond amounts to 2.043 mill. EUA.	a) total : 371 754 379 b) to EEC : 111 930 613 c) to Germany : 28 229 698
41.06	Chamois leather	For none of the countries a strict quota has been fixed, but the plafond amounts to 0.209 mill. EUA	a) total : 7 000 b) to EEC : — c) to Germany : —
42.02	Travel goods (suitcases, handbags, hat-boxes, travelling bags, rucksacks etc.), shopping bags, handbags, satchels, briefcases, wallets, purses, toilet cases, tool cases, tobacco pouches, sheaths, cases or boxes (for arms, musical instruments, binoculars, jewellery, bottles, collars, footwear, brushes etc.) & similar containers, of leather or of composition leather, of vulcanised fibre, of artificial plastic sheeting, of paperboard or of textiles. B. Of other materials	For South Korea and Hong Kong a strict quota has been fixed of 2 mill. EUA, for the other countries an annual plafond of 2.8 mill. EUA has been fixed	n.a.
42.03 A, B II & III, C	Articles of apparel & clothing accessories, of leather or of composition leather :	For Korea a strict quota has been fixed of 3.5 mill. EUA, for the other countries a plafond of 3.8 mill. EUA	

\* Automatic introduction of customs duty for the countries mentioned after utilisation of quota.

\*\* The EEC has the possibility to introduce customs duty after reaching a plafond, each item on merits.

\*\*\* 1 EUA = DM 2.53 = Rs. 10.12

CONTD.

<b>A. Articles of apparel</b>		a) total : 29 391 681
		b) to EEC : 22 411 821
		c) to Germany : 15 028 769
<b>B. Gloves, incl. mittens</b>		a) total : 21 496 918
II Special gloves for sports		b) to EEC : 18 307 014
III Others		c) to Germany : 10 597 918
<b>C. Other clothing accessories</b>		a) total : 31 968 247
		b) to EEC : 22 903 428
		c) to Germany : 17 399 170
42.03	Articles of apparel & clothing accessories, of leather or of composition leather :	For Hong Kong a strict quota of 2.79 mill. EUA has been fixed, for the other countries a plafond of the same amount
	B. Gloves, incl. mittens	a) total : 21 496 918
	I Protective gloves for all trades	b) to EEC : 18 307 014
		c) to Germany : 10 597 918
64.01	Footwear with outer soles & uppers of rubber or of plastic material	For South Korea and Hong Kong a strict quota of 0.519 mill. EUA has been fixed, for the other countries a plafond of the same amount
		a) total : 121 772
		b) to EEC : 57 388
		c) to Germany : —
64.02	Footwear with outer soles of leather or of composition leather; footwear with outer soles of rubber or of plastic material	
	A. Footwear with uppers of leather	For Argentina, Brazil, South Korea, Hong Kong and Uruguay a strict quota of 2.5 mill. EUA and for India of 3.32 mill. EUA has been fixed, for the other countries a plafond of 3 mill. EUA has been fixed.
		a) total : 1 342 928
		b) to EEC : 365 936
		c) to Germany : 27 380
	B. Others	For South Korea, Hong Kong, Malaysia, a strict quota of 1 mill. EUA and for Pakistan of 1.943 mill. EUA has been fixed, for the other countries a plafond of 1.7 mill. EUA
		a) total : 5 847 686
		b) to EEC : 4 514 966
		c) to Germany : 303 560

2. Under the category *non-sensitive items*, these items are allowed duty-free into EEC without quantity restrictions, only in cases of emergency customs duty will be introduced :

GCT No.	Description	Indian exports (1977-78)	
		(in Rupees)	
41.08	Patent leather and metallised leather	a) total : —	
		b) to EEC : —	
		c) to Germany : —	
41.10	Composition leather, with a basis of leather or leather fibre, in slabs, in sheets or in rolls	a) total : —	
		b) to EEC : —	
		c) to Germany : —	
42.01	Saddlery & harness, of any material (for example saddles, harness, collars, traces, knee-pads)	a) total : 24 803 780	
		b) to EEC : 16 717 443	
		c) to Germany : 6 576 271	
42.05	Other articles of leather or of composition leather	a) total : 7 905 839	
		b) to EEC : 3 124 470	
		c) to Germany : 706 543	
64.05	Parts of footwear (incl. in-soles & heels) of any material except metal	a) total : 8 560 519	
		b) to EEC : 1 839 981	
		c) to Germany : 700 335	

ANNEXURE-9Addressee of Leather Garment Importers in Germany

- 1) Carl Sieck oHG  
Badstr. 14/16  
8580 Bayreuth 2
- 2) Hugo Dechert  
Barmbeker Str. 161  
2000 Hamburg 60
- 3) K. D. Feddersen & Co.  
Postfach 1083  
2000 Hamburg 1
- 4) S. Gupta  
Postfach 271  
2000 Hamburg 36
- 5) Pellim - Pelz- und Lederwaren  
Import-Export GmbH  
Schaarsteinwegsbruecke 2  
2000 Hamburg 11
- 6) Schueller & Co.  
Im Fasanengarten 4  
6240 Koenigstein
- 7) Franz Neumann  
Waldeckstr. 10/0  
8000 Muenchen 90
- 8) H. J. Sievers  
Vor den Hockenkuhlen 30  
2105 Seevtal 6

## ANNEXURE-10

2123

### Addresses of German Wholesalers/Importers of Leather Travel Goods

Manns & Co. KG  
Flinschstr. 25  
6000 Frankfurt/Main 60

K. Imhof  
Domstr. 43  
6050 Offenbach/Main

DelSey GmbH  
Genfer Str. 6  
6000 Frankfurt/Main 56

R. Jasper  
Basaltstr. 5  
6000 Frankfurt/Main 90

K. Kaufmann  
Holbeinstr. 25  
6000 Frankfurt/Main 70

Miemiec  
Baseler Str. 48  
6000 Frankfurt/Main 1

J. Klueber KG  
Tulpenhofstr. 20  
6050 Offenbach/Main

Messerschmidt & Co.  
Mainstr. 29  
6050 Offenbach/Main

R. Otto  
Kaiserstr. 94  
6050 Offenbach/Main

C.I.D. Modehandel GmbH  
Kurfuerstendamm 65  
1000 Berlin 15

E. Beckert  
Neugrabener Bahnhofstr.12  
2000 Hamburg 92

F. Brandtner  
Humboldtstr. 35a  
2000 Hamburg 76

Adolf Buehring  
2055 Wehltorf

F.W. Nuestedt  
Osterfeuerbergstr. 2  
2800 Bremen

E. Simon  
Gevekohtstr. 15  
2800 Bremen

Leder-Shop  
Talstrasse 4  
4000 Duesseldorf

G. Edelmann  
Gilbach 12  
4040 Neuss-Norf

H. Krueger  
Nachtigallenweg 11  
4030 Ratingen

CPS Collection  
Peter Steinbrinck GmbH + Co. KG  
Sonnenweg 26  
4040 Neuss-Norf

ANNEXURE-11Addresses of Department Stores and Mail-Order FirmsDepartment Stores

HERTIE Waren- u. Kaufhaus GmbH  
Buerostadt Niederrad  
6000 Frankfurt/Main 1

Horten AG  
Am Seestern 1  
4000 Duesseldorf

Kaufhof AG  
Leinhard-Tietz-Str. 1  
5000 Koeln

Karstadt AG  
Theodor-Althoff-Str. 2  
4300 Essen

C. & A. Brenninkmeyer  
Schadowstr. 79  
4000 Duesseldorf

Kaufhalle GmbH  
Innere Kanalstr. 15  
5000 Koeln 30

bilka Kaufhaus  
Buerostadt Niederrad  
6000 Frankfurt/Main 1

Mail-Order Firms

Neckermann Versand KGaA  
Hanauer Landstr. 360  
6000 Frankfurt/Main 61

QUELLE Gustav Schickedanz KG  
Nuernberger Str. 91-95  
8500 Fuerth

Otto Versand  
Wandsbeker Str. 3  
2000 Hamburg 71

Travel Goods

Leather Travel Goods

Leather Travel Goods

ANNEXURE - 12GSP in 1979 of travel goods with duty-free imports into EEC -Tariff Quotas

CCT Heading No.	Description of Goods	Quota amount in u.a.	Maximum amount per beneficiary country or territory %	Share of quota amounts allocated to Member States in u.a.*	Community Reserve in u.a.
42.02 B	Travel goods (for example, trunks, suitcases, hatboxes, travelling bags, rucksacks), shopping bags, handbags, satchels, briefcases, wallets, purses, toilet-cases, tool-cases, tobacco pouches, sheaths, cases, boxes (for example for arms, musical instruments, binoculars, jewellery, bottles, collars, footwear, brushes) and similar containers, of leather or of composition leather, of vulcanized fibre, of paperboard or of textile fabric:	13 673 730	30	Germany 2 632 192 Benelux 1 005 012 France 1 818 606 Italy 1 435 742 Denmark 478 581 Ireland 95 716 U.K. 2 105 754	4 102 119

\* 1 u.a. = Rs. 15.84 = 3.66 DM

Rules of Origin: Leather goods falling under heading 42.02 B will qualify for preferential treatment under the rules of origin of the EEC as long as they are not manufactured from imported leather goods of heading 42.05. (In other words, the assembly of imported leather parts would not qualify the goods for preferential treatment.)



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